IMPERIAL EQUITIES INC.

1st Quarter Report 2022

Ending December 31, 2021

TABLE OF CONTENTS

PRESIDENT'S REPORT

1st Quarter

December 31, 2021

Report to Shareholders

What a difference a year makes. Last year, in the midst of the pandemic, we were waiting anxiously for vaccines, focused on supporting our tenants, managing new public health rules and hoping our economy could hold up under the added strain. Now, as we've turned the corner into 2022, drops in industrial vacancy rates, increasing valuations, challenges of inflation and supply chains under pressure from heightened demand for products are the new order of business. Change is our constant and always requires a careful hand but being able to focus on potential growth in a post-pandemic world is something we will happily embrace, no matter the new challenges it brings.

The First Quarter of our 24th year (Q1 2022) is one in which economic growth and optimism appear back on the horizon. We have no doubt that the strong management fundamentals that sustained us through several years of economic downturn and global health crisis will continue to be a touchstone for our Company as we consider how this new period will reshape our investment strategy. We are excited about how things have started to take shape.

Operationally, I am pleased with our Q1 2022 results and how we continue to adapt and pivot without missing a beat. Our results are a clear testament to the strength of our company both to manage challenges and to sustain a track record of stable, incremental growth. Two years after COVID shook our world, we are bigger, stronger and continuing to make prudent investments and deliver results. Results in Q1 2022 show this, with a more than 12 per cent increase in net income over Q1 2021 that reflects growing income from a growing portfolio.

We also continue to be extremely busy assessing our pipeline and key market trends, as well as laying the groundwork on our next investments, some of which we will be able to report on within our Q2 2022. For the first time since 2013, there is quite a lot of optimism in the regional marketplace, driven largely by oil prices that are higher than pre-pandemic levels. We are seeing transactions close at cap rates below 5% reflecting strong valuations and industrial vacancy rates are shrinking as quality space gets harder to find. Strong economic indicators and a low-vacancy industry market are good things for our Company as we seek to close off key lease transactions this year and we are optimistic that we will be successful in managing lease renewals and new leases very well. As an investor, a hotter market means careful assessment of opportunity – both in terms of additions and potential timely divestments.

We have also been active on the leasing front, ensuring our remaining available space is leased. Less than one per cent of our total leasable space was vacant as we entered this Q1, and all was filled or under contract by the end the Quarter. We're focused on forthcoming lease renewal and marketing of properties that may be required to ensure we retain this high lease rate.

On the development front there are several potential projects that may advance over the next two years. Our immediate attention is focused on our expansion in Fort McMurray, where we are undertaking a $9 million building expansion and new building construction on our Wajax site. The project will more than double the leasable square feet available on the 6-acre site. We have now completed design and engineering work and secured all necessary permits to proceed, and shovels will be in the ground during Q2 2022.

We have also undertaken some significant upgrades to our new property in Fort St. John, British Columbia. Prior to completing this purchase, we negotiated terms to manage some deferred maintenance and to bring this property up to our corporate standard. This work is substantially complete, with the balance to be completed in Q2 2022. While our Company is covering the costs of repairs up front, expenses will be amortized and fully recouped as additional rent, over the term of the Lease.

We've delivered a dividend again this quarter, now having paid out for five consecutive quarters. This consistency is important, knowing that we have a small stock pool and the ability to offer some certainty around dividends is attractive to our shareholders. We have every intention of continuing to offer dividends, as we understand that maintaining a strong portfolio that generates consistent returns is essential to our mandate as governors of this Company.

Finally, there is no question that we are on the cusp of a new interest rate environment. While the Bank of Canada held its rate at the end of January, it was clear that it now sees economic slack as absorbed and the Bank removed its exceptional forward guidance on its policy interest rate, meaning rate hikes are expected likely at the end of March, 2022. In the lead up to these changes, we have been focused on securing long-term financing from within an historically low interest rate environment. Over the past three quarters, we were able to lock in rates on more than $43.8 million in new financings at a weighted average of 2.69%, an achievement that will produce significant savings for our Company.

With historically low interest rates likely behind us, we will look at all options to secure the best financial terms for our company. Our strong relationship with our lenders is a great asset in this regard. As much as potential rate rises are a challenge, we are encouraged by the economic recovery overall. Canada's economy is projected to be robust and this is especially true in Alberta where oil prices have recovered so well. A strong economy is good news for our Company and its tenants. It holds much promise for us as we seek to lease any available space and make new investment decisions.

I am looking forward to discussing all matters as we meet, online, for our Annual General Meeting on March 16, 2022. This year, we will again be meeting through a virtual, Zoom platform, and I encourage all shareholders to take part. I always appreciate having the opportunity to interact directly with our shareholders, to report on the decisions Management and our Board makes for our Company and to hear your comments or questions at the meeting or anytime.

Sincerely,

Sine Chadi
Chief Executive Officer and
Chairman of the Board

MD & A

MANAGEMENT'S DISCUSSION & ANALYSIS

for the first quarter ending December 31, 2021

IMPERIAL EQUITIES INC. MD&A AS AT FEBRUARY 15 2022

The following Management's Discussion and Analysis ("MD&A") is intended to provide readers with an explanation of the performance of Imperial Equities Inc. ("Imperial" or "Imperial Equities" or the "Company") and its subsidiaries. This MD&A should be read in conjunction with the consolidated financial statements for the three months ended December 31, 2021, and the related notes. Imperial Equities Inc. trades on the TSX Venture Exchange under the symbol "IEI". Additional information on the Company may be obtained by visiting www.sedar.com.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in the MD&A and is also responsible to ensure that appropriate procedures and controls exist internally that will provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with International Financial Reporting Standards ("IFRS"). In addition, the Company's Audit Committee and Board of Directors provide an oversight role for all public financial disclosures by the Company and have reviewed and approved this MD&A and the accompanying consolidated financial statements.

FORWARD-LOOKING INFORMATION

In our report to shareholders, Management may talk about the current economy and express opinions on future market conditions. This forward-looking information is based on Management's current assessments made based on internal expertise as well as the opinions of other professionals in this industry. While Management may consider these statements to be reasonably optimistic and favourable, the opinions and estimates of future trends are subject to risk and uncertainties. Readers are encouraged to read the risk factors identified in Note 20 of the consolidated financial statements and this MD&A. Any forward-looking statements in this report should not be relied upon as facts, as actual results may differ from estimates.

ADDITIONAL NON-IFRS MEASURES

Debt, unencumbered properties, operating expense recoveries, and debt to asset ratios are non-IFRS financial measures and do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar calculations reported by other Canadian issuers.

Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies.

BUSINESS OVERVIEW

Based in Edmonton, Alberta, Imperial Equities is a publicly-traded company anchored by industrial, agricultural, and commercial properties in its targeted markets throughout Western Canada.

Annually, since operations began in 1998, Imperial Equities has achieved solid growth. The Board of Directors along with corporate Management are all vigorously and enthusiastically committed to the continued growth of the Company.

Our Value Statement

Imperial's team of professionals is dedicated and motivated to grow its real estate portfolio and earn value for its shareholders. As a growth-focused company, Imperial has financed acquisitions largely through conventional mortgages. However, issuing new share capital may be considered at a future date to support the Company's objectives. We believe in building value in the shares through a commitment to acquire and develop high-quality properties and gain capital appreciation to benefit the shareholders. As part of our strategy, we would consider the disposition of a property where the Company believes that we have maximized the potential of that property and its disposition would be beneficial to the Company.

Imperial's Board of Directors along with Management are focused on the real estate market throughout western Canada and are committed to continue building a strong portfolio of investment properties, through careful, strategic movement.

Strategic Goals

1. Acquire industrial, agricultural, and commercial properties in strategic locations for capital appreciation
2. Acquire fully occupied, single-tenant or multi-tenant industrial properties with long-term lease agreements and rental rates commensurate with the location
3. Finance acquisitions with the lowest available cost of capital
4. Manage the Company's environmental impacts with a view to moving to net zero emissions
5. Achieve a defined rate of return on each asset
6. Maximize the revenue potential of each asset in its region
7. Dispose of older assets that may have reached their maximum earning potential to reduce the overall age of the properties in the portfolio
8. Invest in the communities where properties are located

KEY PERFORMANCE DRIVERS

Imperial Equities continues to engage a dedicated team of professionals to manage and oversee business activities. There is a strong Board of Directors with significant real estate experience to guide and assess the Company's strategy and investment decisions. The dedication and professional experience of Imperial's Management team has helped the Company achieve positive earnings every year the Company has been in business.

Management monitors the success of Imperial by measuring how well the Company delivers on its strategies and executes due diligence. This assessment includes the size of the tenant, the length of time they have been in business, their operations, and exposure to the industry in which they operate. All these factors are part of the evaluation of the strength of the lease covenant. The Company's success is also impacted by external factors, including the overall economic health of industries operating in the province of Alberta as well as social and environmental factors. Alberta is still largely reliant on the oil industry and the Company is careful to select tenants that are best able to weather an economic downturn and retain relevance as the economic base of the province shifts over time. Interest rates related to the financing of the properties is a key additional external factor. Investment properties are financed with conventional fixed term mortgages and help the Company when mortgages are placed in a low interest environment. Conversely, there is a risk that mortgages can be fixed at higher rates, affecting operating income and cash flows. The Company, in the short term, does not consider rising interest rates to have a significant impact on the operating cash flows. Any new commercial lease terms associated with new acquisitions and lease renewals will reflect changing market conditions, including current interest rates, and will be assessed on this basis.

Strategic Objectives

1. Conduct comprehensive due diligence on all acquisitions, including evaluating the strength of the tenant(s) before entering into contracts
2. Maximize the revenue per property and secure long lease terms to reduce the turnover of tenants
3. Maintain high occupancy rates to recover carrying costs of the properties
4. Monitor the quality of tenants in the portfolio to reduce the risk of defaults on leases
5. Monitor GHG emissions on all properties and move towards net zero emissions
6. Maintain the assets to high standards, including structural, mechanical, and cosmetic, to showcase the existing properties to prospective tenants or purchasers
7. Complete preventative maintenance on the properties to reduce operating costs, and to lower emissions, improve energy efficiency, and maximize the longevity of the buildings
8. Ensure that maintenance on the properties is done to exacting standards, and performed at rigorous safety standards, while ensuring the costs are competitive
9. Maximize the cash flow from operations to ensure funding for growth opportunities
10. Select mortgage terms that provide a low cost of capital and utilize debt leverage opportunities
11. Minimize higher rate short-term borrowings to reduce the cost of capital

KEY PERFORMANCE INDICATORS

Investment Properties	Period Ending December 31, 2021	Year Ending September 30, 2021
Total number of investment properties	40	40
Property acquisitions during the period	-	3
Property dispositions during the period	-	-
Raw land properties held for future development	9	9
Raw land properties under lease with tenants	5	5
Gross leasable area (GLA) in square feet	1,082,202	1,082,202
Leasing Activities by Gross Leasable Area (GLA)		
Lease retention	-	180,317
New tenant leases	5,093	151,110
GLA of leases expiring within twelve months	194,903	170,048
Space available for lease	4,160	9,264
Average lease term to maturity in years	4.71	4.73
Building occupancy	99.6%	99.1%
Property Operations		
% operating expense recoveries	73%	82%
Income from operations	$ 3,398,451	$ 13,138,345
Investment property improvements	$ 117,818	$ 1,973,550
Financing		
Debt to total assets ratio	52%	54%
Weighted average interest rates on mortgages	3.18%	3.15%

During the past twelve months, several properties held by the Company have been remeasured and certified to BOMA standards, hence updating the gross leasable area in the current & previous fiscal years.

INVESTMENT PROPERTIES

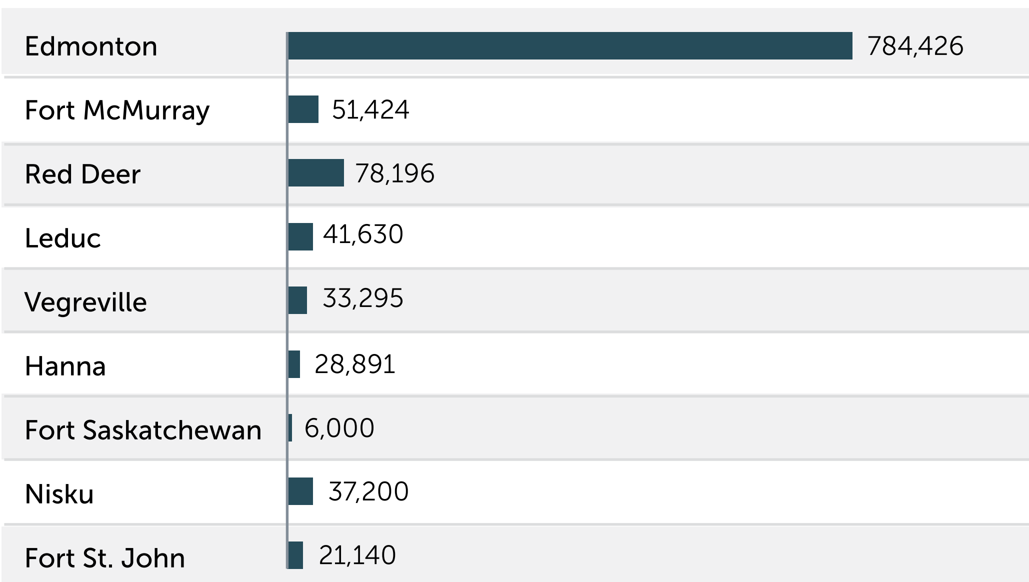
Raw land properties held for future development

- 12.9 acres in Strathcona County, AB
- 2.24 acres in NW Edmonton, AB
- 49.42 acres in Hanna, AB
- 3 acres in NW Edmonton, AB

Raw land properties held for future development and leased with tenants in place

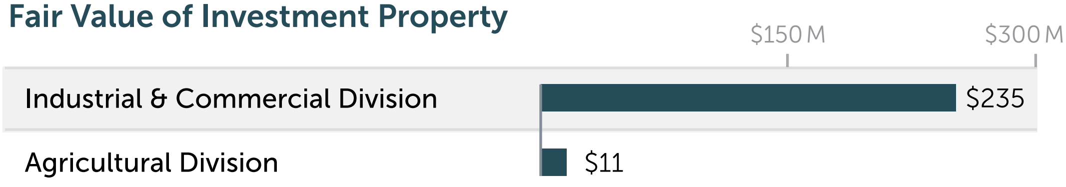
- 1.49 acres in SE Edmonton, AB, under a lease with an existing tenant
- 2 acres in NW Edmonton, AB, under a lease with an existing tenant
- 3 acres in NW Edmonton, AB, under individual leases with five tenants

Gross leasable area (GLA) – unchanged from the prior period



INVESTMENT PROPERTY DIVERSIFICATION

Fair Value of Investment Property



Total Square Feet

In 2019, the Company acquired and began to report on its agricultural property division, which today amounts to 6% of the total leasable space. The total combined rental revenue for the agricultural division for the three-month period ending December 31, 2021 is $225,249 (December 31, 2020 - $234,736). The Company is actively seeking further acquisitions that will expand the agricultural division throughout the prairie provinces.

LEASING ACTIVITIES

NEW TENANT LEASES
during the current period

Location	GLA	Expiring/PSF*	Lease Term
Edmonton, Alberta*	2,007	$ 12.00	60
Edmonton, Alberta**	3,097	$ 11.60	Month to Month
	5,104		

** per square foot*
*** Gross Lease*

GLA of leases expiring in the next twelve months

As at December 31, 2021, there are eight leases that are expiring within the next 12 months with a combined total of 194,903 ft^2. There is a formal lease renewal process for each lease that will commence according to the provisions of the respective lease agreements. It is anticipated that all leases will be renewed or the property re-leased prior to the expiration of the leases.

Space available for lease

- 4,160 ft^2 in a multi-tenant mixed-use building

LEASE TERMS

at December 31, 2021

SINGLE-TENANT BUILDINGS

Square Feet	Maturity Year
3,097	Month to Month
191,903	2022
75,151	2023
107,706	2024
33,295	2025
76,400	2026
47,103	2027
116,630	2028
62,224	2029
41,054	2030
118,305	2031
34,800	2034
28,891	2038
936,559	

MULTI-TENANT BUILDINGS

Square Feet	Maturity Year
3,000	2022
2,498	2023
21,127	2024
62,903	2025
1,996	2027
11,944	2030
38,015	2031
141,483	

Total GLA of in-place leases: 1,078,042

GLA available for lease:4,160

Total GLA at September 30, 2021: 1,082,202

Weighted average remaining lease terms for single-tenant buildings

5.63 years

Weighted average remaining lease terms for multi-tenant buildings

5.81 years

Total average lease term to maturity

4.71 years

At December 31, 2021, the 12-month occupancy rate is 99.6% (September 30, 2021 – 99.1%). This speaks to the Company's success in securing and maintaining strong tenant relationships.

The risk to the Company when a tenant does not renew a lease is that the Company has to absorb the ongoing operating costs of vacant space. These costs include property taxes, insurance, utilities, and any maintenance items. If a single-tenant building becomes vacant, additional vacancy costs could include mortgage payments, if applicable. Management works closely with tenants to maintain high retention rates, primarily through responsive and pro-active property management, which ensures their leased space in the building, and the exterior parking lot and landscaping, are all well maintained.

This work helps the Company meet its main goal: to maximize the revenue of each asset in its region.

AVERAGE ANNUAL LEASE RATES

per City, per square foot at December 31

	2021	2020
Edmonton, Alberta	$ 10.60	$ 10.06
Red Deer, Alberta*	$ 22.75	$ 25.79
Fort Saskatchewan, Alberta*	$ 37.57	$ 36.83
Fort McMurray, Alberta	$ 46.98	$ 43.60
Leduc, Alberta	$ 17.66	$ 15.70
Hanna, Alberta	$ 19.55	$ 19.36
Nisku, Alberta	$ 13.13	$ 13.00
Vegreville, Alberta	$ 7.18	$ 7.18
Fort St. John, British Columbia	$ 14.75	$ -

** Leases include a large land component which skews the average rate per square foot*

PROPERTY OPERATIONS

	Three months ending **December 31, 2021**	Year ending **September 30, 2021**
Property tax and insurance recoveries	$ 728,428	$ 2,728,491
Operating expense recoveries	361,212	1,346,245
	$ 1,089,640	**$ 4,074,736**
Total property operating expenses	$ 1,484,822	$ 4,971,156
% of property operating expense recoveries	**73%**	**82%**

Property taxes, insurance, and operating expenses are budgeted annually and reconciled every 12 months on a tenant-by-tenant basis. All the Company's leases, with the exception of one, are triple net leases, which allows the landlord to recover all operating costs except for any structural repairs. In addition, Management decides how to treat the recovery from the tenant of expenses related to large maintenance items, so as not to impose hardship on the tenant's operations or cause large year over year cost fluctuations. In some cases, Management will amortize the expenditures over a year within the tenant's lease term. Some leases have lower management fees than other leases dependent upon the responsibility of performing maintenance remaining with the tenant or the landlord. Because of these variations, and because the landlord does invest in its structural assets, there will always be a percentage of operating expenses not recovered by the landlord in the current period. Historical optimal recovery percentages will be in the range of 80%-86%.

During the current three-month period, the recovery percentage was reduced to 73%. Management expended approximately $106,000 relating to deferred maintenance on a building which was acquired in the prior fiscal year. These costs were not recovered as part of the occupancy cost recoveries, additionally, the Company expended a further $108,000 on repairs to two of its existing properties. These costs will be recovered by the Company as additional rent over the term of the leases.

Recovery percentages may vary each quarter depending on property taxes, utilities, snow removal, lawn care, and other seasonal expenditures. Management ensures operating expense recoveries are accurately recorded, recovered, and budgeted for the subsequent year.

The **income from operations** is a measure of funds available to service the debt repayments on financing, provide cash for capital expenditures on the properties, and fund further growth.

	Three months ending **December 31, 2021**	Year ending **September 30, 2021**
Income from operations	**$ 3,398,451**	**$ 13,138,345**
Less: Interest on financing*	1,044,519	4,344,996
Less: Principal instalments on mortgages	1,699,905	6,976,104
Funds available for property improvements & growth	**$ 654,027**	**$ 1,817,245**

**Interest on financing includes capitalized interest and excludes interest income and amortization of deferred finance fees.*

The Company, working closely with third-party contractors, continues to ensure all properties are well-maintained in terms of general maintenance, electrical, mechanical, structural elements, and cosmetic items (which include exterior maintenance of the buildings through painting, landscaping, parking lot striping, etc).

INVESTMENT ON PROPERTY IMPROVEMENTS

	Three months ending **December 31, 2021**	Year ending **September 30, 2021**
Total property improvements	**$ 117,818**	**$ 1,973,550**

As at December 31, 2021, the Company entered into a construction contract to build an additional 33,200 ft^2 of industrial space on one of its investment properties in Fort McMurray, Alberta. The total contract price is $8,600,000. In this Q1, the Company has paid its first progress payment amounting to approximately 4% of the contract price.

During the prior year, the Company made improvements to two large yards by installing geotechnical fabric and resurfacing with recycled crushed concrete. Work also commenced and was completed on another building that had extensive renovations to its exterior as well as a new showroom and service center. Property improvements additionally included design fees for new projects and continued interior and exterior maintenance on the buildings.

The Company strives to provide high-quality service to the tenants by responding promptly to address any property maintenance issues. Regular maintenance improves the life span of the equipment, keeps equipment running smoothly, and avoids major interruptions to the tenant's operations. The Company has a strong relationship with all tenants and responds to maintenance issues promptly. Working with strong business partners that are familiar with the properties and tenants, the Company has enjoyed a very high quality of work while ensuring costs are very competitive.

The Company's hands-on approach to maintaining its properties results in very high tenant retention with little turnover and shows a firm commitment by the Company to promote pride of ownership, which in turn will attract new prospective tenants, and possible future build-to-suit opportunities.

FINANCING

Debt, and unencumbered properties, are non-IFRS financial measures and do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar calculations reported by other Canadian issuers.

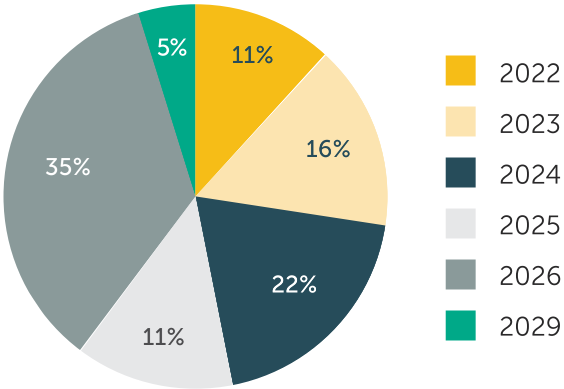
Management considers the ratio of debt to assets to be useful for evaluating the leverage the Company may have on its investment properties to assess its debt position and to consider additional financing opportunities if any.

	Three months ending **December 31, 2021**	Year ending **September 30, 2021**
Investment properties	**$ 245,473,069**	**$ 244,943,895**
Mortgages excluding transaction fees	113,841,351	108,736,618
Other financing	-	3,800,000
Bank operating facilities	14,512,718	20,360,492
Debt	**$ 128,354,069**	**$ 132,897,110**
Ratio of debt to assets	**52%**	**54%**

The Company continues to enjoy a good relationship with its lenders and has been able to renew mortgages as they come due and place new conventional financing on acquisitions. Unencumbered properties at December 31, 2021, have fair values of $22,138,517 (September 30, 2021 - $21,816,843).

Weighted average interest rates on the mortgages have increased to 3.18% at December 31, 2021 from 3.15% at September 30, 2021, as two mortgages totalling $11,195,362 were renewed during the period at interest rates ranging between 2.930-2.940%; higher than the average interest rates for mortgages renewed during fiscal 2021.

MORTGAGE MATURITIES
(Calendar Years)



The following table details the mortgage activities during the current year.

Maturity Date	Rate	Principal Balance Sep. 30'21	Mortgages Advanced/ Assumed	Y-T-D Principal Payments	Principal Paid on Maturity	Principal Balance Dec 31'21
01-Sep-21	3.000%	$ 2,500,000	-	$ -	$ 2,500,000	$ -
01-Feb-22	3.040%	5,000,983	-	102,535	-	4,898,448
01-Jun-22	2.730%	1,802,612	-	52,430	-	1,750,182
01-Dec-22	3.670%	3,274,254	-	59,157	-	3,215,096
01-Dec-22	3.671%	2,974,825	-	53,744	-	2,921,081
01-Feb-23	3.750%	1,800,247	-	31,798	-	1,768,450
01-Apr-23	1.860%	3,478,861	-	52,005	-	3,426,856
01-Oct-23	3.950%	270,036	-	31,255	-	238,781
01-Oct-23	4.090%	5,354,849	-	86,327	-	5,268,522
01-Nov-23	4.330%	3,684,371	-	57,993	-	3,626,377
01-Dec-23	4.648%	4,407,669	-	67,386	-	4,340,283
01-Jan-24	4.300%	2,057,447	-	45,130	-	2,012,317
01-Jan-24	4.300%	1,632,895	-	35,818	-	1,597,077
01-Apr-24	2.110%	4,035,050	-	59,184	-	3,975,865
01-Aug-24	3.300%	9,064,479	-	141,539	-	8,922,940
01-Nov-24	3.555%	8,038,382	-	120,479	-	7,917,903
01-Feb-25	3.420%	4,586,347	-	67,775	-	4,518,572
01-Apr-25	2.310%	4,874,751	-	76,671	-	4,798,081
01-Aug-25	2.837%	3,764,283	-	55,425	-	3,708,858
01-Apr-26	2.675%	2,622,407	-	53,822	-	2,568,585
01-Jul-26	2.710%	11,173,373	-	153,303	-	11,020,070
01-Jul-26	2.710%	5,846,820	-	80,221	-	5,766,600
01-Oct-26	2.940%	6,335,332	9,500,000	84,335	6,335,332	9,415,665
01-Nov-26	2.930%	4,860,030	11,000,000	48,805	4,860,030	10,951,195
11-Jun-29	3.480%	5,296,315	-	82,767	-	5,213,548
		$ 108,736,617	**$ 20,500,000**	**$ 1,699,905**	**$ 13,695,362**	**$ 113,841,351**

All mortgages are secured by a first charge over the related investment property and a general assignment of rents, insurance, and site-specific goods and chattel paper.

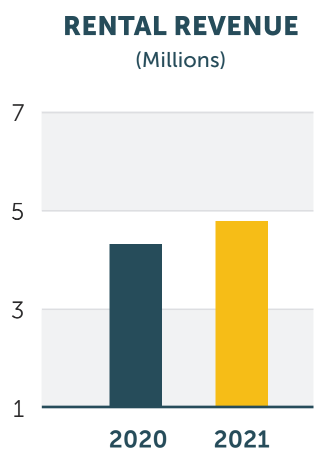
The Company's two bank operating facilities are secured with specific revenue-producing properties.

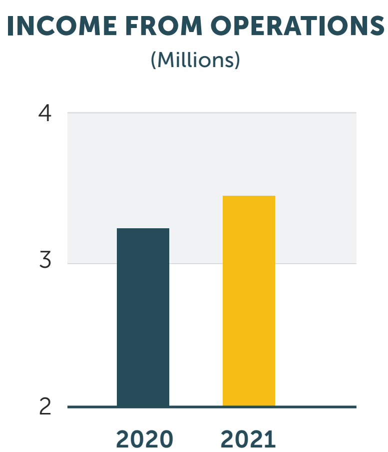
ACTIVITY DURING THE PERIOD

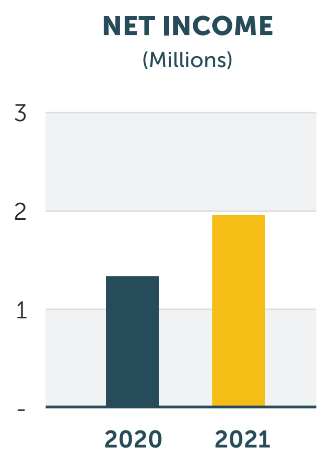
The Company's **leasing activities** resulted in a 99.6% occupancy rate (September 30, 2021 – 99.1%). This resulted from new leases on 5,093 ft^2 of previously vacant space noted in the prior fiscal year. Moreover, all leases expiring during the year ended September 30, 2021 have been renewed for additional 12-60 month periods at market rates.

Due to the low interest rate environment in 2021, the Company has focused on using proceeds generated from mortgage refinancing at lower interest rates to **repay higher interest debt** (such as its operating facilities and other financing). The balances outstanding on operating facilities and other financing have decreased in the current period by $9,647,774 – representing 7% of total outstanding debt. All other financing debt has been fully repaid with all accrued interest as of December 31, 2022.

PERFORMANCE RESULTS



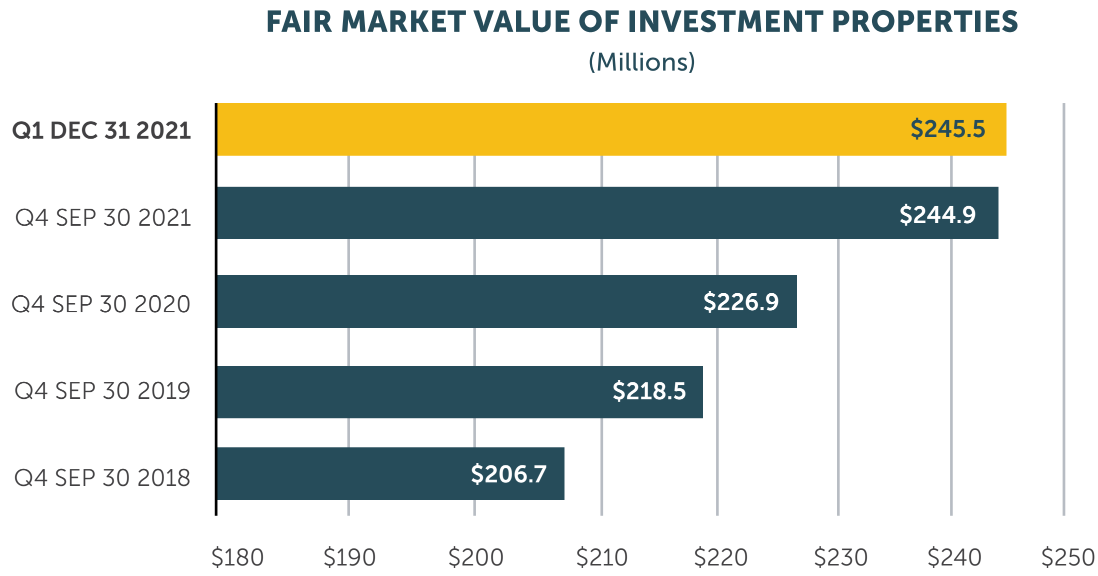




Rental revenue is higher during the current three-month period in comparison with the comparative period of Q1 2021 a result of revenue from new leases on three additional properties purchased since Q1 2021.

The increase in income from operations is correlated to the increase in rental revenue during the current period.

Net income is higher during this three-month period in comparison to the three months ended December 31, 2020. This is as a result of net fair value gains of $594,100 on investment properties in comparison to net fair value losses of $152,233 in the comparative period.



Increase in fair value of investment properties from Q4 2021,is as a result of valuation gains of $594,100.

Valuation net gains from investment property are the result of valuing the properties at current fair market values at each reporting date. Values are determined by Management using the actual annual contracted subsequent year's revenue stream, less a vacancy, and structural reserve allowance, applying a capitalization rate to this normalized income, and deriving a fair value. Capitalization rates are used to estimate fair market value and consider many factors, including but not limited to: location, size of land, site coverage, strength of the tenant, term of the lease, lease rate, age of the building, size of the building, construction of the building and any unique features of the building. Given that not all industrial properties are the same, Management will apply these factors to each property in determining a capitalization rate. If a property has all favorable factors, the valuation will likely be calculated using the low end of the capitalization rate range.

Lower capitalization rates are applied to the Company's Class A buildings that have strong tenants, long-term leases and are typically newer construction. Higher capitalization rates apply to the Company's older buildings and take into consideration whether the property is multi-tenanted, the condition of the building, the strength of the tenants, the site coverage, and the location of the property.

At each reporting date, this calculation method is performed on all the investment properties except for vacant land, and land under lease. Vacant land held for development is valued using Management's research of similar vacant lands that have been sold recently or are available for sale. Land under lease with tenants is valued at the fair value of similar vacant land in the area.

The Company continues to increase its investment property portfolio each year by acquiring properties with a view towards capital appreciation. Affecting operations for each quarter are the fair valuations of investment properties.

Net valuation gains (losses) per quarter:

2022 Q1	2021 Q4	2021 Q3	2021 Q2	**2021 Q1**	2020 Q4	2020 Q3	2020 Q2
$ 594,100	$ (714,103)	$ 2,399,494	$ 152,745	$ (152,233)	$ (74,228)	$ (992,868)	$(1,953,004)

When valuing the investment properties at fair value, all other inputs being equal, an increase in property revenue for the ensuing twelve months will have a positive impact on the fair values and a decrease in revenue will have a negative impact. When interest rates are low, investors are more likely to expand their portfolios, creating a healthy, competitive environment in which to acquire property, which will keep the cap rates very competitive. Management marginally increases the cap rates on some of the properties where the Company believes property values and lease rates have decreased as a result of a lower demand and owners eager to lease up vacant buildings. Some properties' cap rates were increased to maintain existing values, despite increased contracted revenue streams which would otherwise drive the value upwards.

INVESTMENT PROPERTY CAP RATES

	December 31, 2021			September 30, 2021	
Location	**Total GLA sf**	**Range Cap Rates**	**Rate Change**	**Total GLA sf**	**Range Cap Rates**
Edmonton, Alberta	780,226	4.27 - 7.00%	↔	775,162	4.27 - 7.00%
Red Deer, Alberta	78,196	6.10 - 6.55%	↑	78,196	6.10% - 6.52%
Fort Saskatchewan, Alberta	6,000	6.47%	↑	6,000	6.44%
Fort McMurray, Alberta	51,424	6.14 - 6.62%	↑	51,424	6.14 - 6.60%
Leduc, Alberta	41,630	6.50%	↔	41,630	6.50%
Vegreville, Alberta	33,295	8.00%	↔	33,295	8.00%
Nisku, Alberta	37,200	6.50%	↔	37,200	6.50%
Hanna, Alberta	28,891	7.00%	↔	28,891	7.00%
Fort St. John, British Columbia	21,140	8.50%	↓	21,140	9.34%
	1,078,042			1,072,938	
Available for lease, Edmonton, AB	4,160			9,264	
Total GLA square feet	**1,082,202**			**1,082,202**	

Some of the leases have rental rate escalations throughout their terms and the Company has increased the cap rates on those properties to keep the value of the properties at current market rates, despite the increase in rent. Cap rates in Fort St. John have decreased as a result of repairs and improvements the Company has made to its property since it was acquired. Cap rates continue to be evaluated on a property-by-property basis to ensure values reflect current market conditions.

During the current period, increases in the fair value of properties reflects increases in income generated by the properties that were previously vacant and leased as of September 30, 2021.

During Q2 & Q3 of 2020, four properties were reduced in value, contributing to total net valuation losses of $2,930,537 at September 30, 2020. Two buildings had uncertainties surrounding lease renewals, and two buildings had large vacancies that the Company predicted would take time to lease up. These losses were offset by minor gains on other properties in the portfolio.

Income from operations is higher in the three months ended December 31, 2021 than December 31, 2020 as a result of increased revenues directly stemming from the increased number of investment properties that the Company owns.

Property operating expenses have increased in this three-month period in correlation with the increase in investment properties.

Finance costs include interest on financing and amortization of deferred finance fees and are net of interest income.

Finance costs overall have increased from the prior period as a result of decreased interest income relating to a mortgage receivable which was fully received on October,29, 2021. Moreover, there was an increase in interest expenses as a result of increased mortgage balances outstanding as of this period end relative to the comparative period ending December 31, 2020.

Amortization of right-of-use asset refers to the head office lease space for the Company. Effective October 1, 2019, the Company began recording this right-of-use asset which is amortized over the term of the lease on a straight-line basis.

CHANGES IN CASH FLOWS

Cash provided by operating activities was $4,173,370 at Q1 2022 (Q1 2021 – $3,238,389). The Company continues to generate positive cash from operations each quarter to cover day-to-day expenditures and provide reserves for future opportunities. The increase in the current period can be attributed to increased rental revenue and operating income.

Cash provided by investing activities was $2,023,579 at Q1 2022 (Q1 2021 –cash used of $351,852) as the Company received proceeds of $2,500,000 relating to a mortgage receivable in the current period.

Net cash used in financing activities was $6,027,831 at Q1 2022 (Q1 2021 – $2,693,556). During the current three-month period, the Company used proceeds to from renewed mortgages as well as cash provided by investing activities to reduce high interest debt. The Company repaid debt from Other Financing, which amounted to $3,800,000. Additionally, bank operating facilities have been reduced by $5,847,774.

At December 31, 2021, there was a **net increase in cash** of $169,118.

CHANGES IN FINANCIAL POSITION

Investment properties include the fair value of the properties at the reporting date as valued by Management, including the unamortized balance of straight-line rent receivables, the unamortized balance of deferred leasing costs and the unamortized balance of tenant inducements if any. Changes since the fiscal year-end of September 30, 2021, are detailed below.

	Income Producing Properties	Held for Development	Total Investment Properties
Opening Balance at September 30, 2021	**$ 232,541,903**	**$ 12,401,992**	**$ 244,943,895**
Additions:			
Property improvements and additions	115,683	2,135	117,818
Leasing commissions	5,988	-	5,988
Amortization of tenant inducements	(16,550)	-	(16,550)
Change in straight-line rental revenue	(86,383)	-	(86,383)
Revaluation gains (losses), net	594,100	-	594,100
Amortization of deferred leasing commissions	(85,799)	-	(85,799)
Ending balance at December 31, 2021	**$ 233,068,942**	**$ 12,404,127**	**$ 245,473,069**

Property improvements include structural improvements , project design fees, permitting, and large-scale renovations. Leasing commissions were paid for lease renewals during the period.

Right-of-use asset refers to the head office lease with payments made to a related party described in Note 4 of the consolidated financial statements. The asset was recorded at the present value of the lease payments to the term of the lease. The asset is amortized on a straight-line basis over the term of the lease.

Receivables at the period-end date were $11,889 (September 30, 2021- $279,750) which is comprised of receivables from tenants as a result of occupancy cost reconciliations performed during the prior fiscal year.

Prepaid expenses and deposits have a balance at Q1 2022 of $302,435 (September 30, 2021 - $905,449) relating mainly to insurance, deposits on offers to purchase investment property, and security deposits with municipalities. Prepaid taxes are fully amortized as of December 31, 2021, resulting in the decrease in the balance from September 30, 2021.

Mortgages at Q1 2022 have a balance of $113,841,351 (September 30, 2021 -$ 108,736,618). The increase in mortgages is as a result of additional mortgage proceeds received on maturity of two existing mortgages.

Other financing at Q1 2022 is $Nil (September 30, 2021 – $ 3,800,000). The Company has fully repaid all debt & accrued interest owing to related parties as of the quarter end.

Bank operating facilities at December 31, 2021 have a balance of $14,512,718 with two of the Company's major lenders (September 30, 2021 - $20,360,492). The limit on one of the facilities was reduced as proceeds received on mortgage renewals were used to reduce existing facility balances.

CREDIT FACILITIES

	December 31, 2021	September 30, 2021
Bank credit facilities	$ 17,000,000	$ 20,500,000
Amounts drawn on facilities	(14,512,718)	(20,360,492)
Available credit facilities	**$ 2,487,282**	**$ 139,508**

The Company has two credit facilities set out as follows:

1) One operating Line of Credit (LOC) with a limit of $13,500,000 (September 30, 2021 - a limit of $13,500,000).

This LOC is used to assist with property acquisitions and general operations and has a balance at December 31, 2021, of $11,994,236 (September 30, 2021 - $13,476,456). The credit facility bears interest at prime plus 1% per annum (September 30, 2021 – prime plus 1% per annum) and is secured by specific revenue-producing properties with combined fair values of $36,338,761 (September 30, 2021- $ 36,338,761). In Q4 2021, the standby fee provisions were deleted and no longer in effect (September 30, 2021 - .25% per annum). Specific covenants of this credit facility are that there be a minimum of 90% occupancy of the secured buildings and adherence to a margin formula as outlined below.

- Availability under the facility will be restricted to the lending value assigned to the properties which will be the lesser of: a) the level at which a Debt Service Coverage Ratio of 1.25 can be maintained, less the Prior Debt on the properties, (unchanged from September 30, 2021): or b) the level at which a Loan to Value Ratio of 70% can be maintained for the secured properties, over which the Lender has a 1st mortgage and 60% for the secured properties over which the Lender holds a 2nd mortgage, less the prior debt on the properties (unchanged from September 30, 2021). For these secured properties, the loan to value is set at 70%, unchanged from the prior year.

Debt Service Coverage Ratio ("DSCR") is the net operating income, divided by the debt service.

- *Debt service* = annual principal and interest payments based on a 25-year amortization and an interest rate that is the greater of 4.5% (September 30, 2021 – 4.5%) or the Government of Canada Benchmark Bond Yields plus 225 basis points.

- *Net Operating Income* is stabilized operating income from the secured properties adjusted for normal operating expenses, common area maintenance expenses, property taxes, and other expenses that are not recovered from the tenants.

Loan to Value Ratio ("LTV") is the total debt on the secured properties divided by the current market value of the secured properties.

LOAN COVENANT REQUIREMENTS

	Min. 90% Occupancy	DSCR 1.25	LTV 70%
December 31, 2021	Yes	3.03	64%
September 30, 2021	Yes	2.69	68%
June 30, 2021	Yes	2.79	72%
March 31, 2020	Yes	2.78	73%
December 31, 2020	Yes	2.79	73%

During Q4 2020, the lender removed the sold property from the secured property which increased the LTV beyond 70%. The lender agreed to allow the increase with a provision that it is to be lowered to 70% within 18 months. As of December 31, 2021, the LTV is below 70% as the lender's assigned value of the secured properties which has increased to $35,529,345 from $33,564,944 in the comparative period ending December 31, 2020.

2) A second operating LOC with a limit of $3,500,000 (September 30, 2021 – a limit of $7,000,000).

   The decrease in the limit from the prior year is a result of increased mortgage amounts upon maturity of existing mortgages. During the current three-month period, proceeds from the increases in mortgage amounts were used to reduce the limit on the facility by $3,500,000.

   This credit facility bears interest at prime plus .95% per annum (unchanged from September 30, 2021) and is secured by specific revenue-producing properties with combined fair values at December 31, 2021, of $72,147,620 (September 30, 2021 - $72,210,516).

   There are no specific covenants or margin formulas for this line of credit. The balance on the credit facility at December 31, 2021 is $2,518,481 (September 30, 2021 - $6,884,036).

Lease liability is the result of the adoption of IFRS 16 "Leases" at October 1, 2019. The Company has recorded a lease liability at the present value of the remaining lease payments for its head office leased space. The lease payments were discounted using the Company's incremental borrowing rate of 4.95% at October 1, 2019. Previously these payments were expensed as rent. A corresponding entry was made to a right-of-use asset which is amortized on a straight-line basis over the term of the lease.

Payables and accruals are $1,176,429 at December 31, 2021 (September 30, 2021 – $1,701,278). The balance includes accrued interest on financing, prepaid rents from tenants, and trade payables. Additionally, there is a tenant inducement payable to one of the tenants amounting to $200,000 (2021- $200,000). Total decrease is as a result of a decrease in trade payables during the period by $322,212 as well as a decrease in accrued loan interest of $252,784.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Revenue	4,883,273	4,860,652	4,540,224	4,430,598	4,278,027	3,754,671	4,285,825	4,037,197	3,998,495
Total Comprehensive Income	1,996,828	870,558	3,359,351	1,230,561	1,381,850	870,508	647,839	(1,636,200)	1,533,743
EPS-Basic*	0.15	0.09	0.35	0.13	0.15	0.09	0.07	(0.17)	0.16
EPS-Diluted*	0.15	0.09	0.35	0.13	0.15	0.09	0.07	(0.17)	0.16

QUARTERLY CHANGES IN REVENUE

The increase in revenue in Q1 2022 reflects additional revenue from new tenant leases in the new properties acquired during the prior fiscal year. Revenue is recorded on a straight-line basis over the terms of the leases so there are not typically large swings quarter to quarter.

Fluctuations in revenue quarter-to-quarter will often be the result of one or more of the following:

- Revenue generated from new leases
- Amortization of tenant inducements
- Increases due to the reconciliation of operating costs to budget at each Q4
- Changes in straight-line revenue due to lease renewals, new leases, and rent deferrals

The Company reports straight-line revenue therefore, typically, quarterly changes in revenue are not material until new tenants begin paying rent.

QUARTERLY CHANGES IN TOTAL COMPREHENSIVE INCOME AND EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED)

The significant fluctuations in total comprehensive income are largely caused by the revaluations of the investment properties.

Net valuation gains (losses) per quarter:

2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2
$ 594,100	$ (714,103)	$ 2,399,494	$ 152,745	$ (152,233)	$ (74,228)	$ (992,868)	$(1,953,004)

During the current quarter ending December 31, 2021, there was a gain on valuation of investment properties amounting to $594,100. This was mainly attributed to increased income from existing leases as well as a decrease in cap rate on the property located in Fort. St John, British Columbia. The Company expended approximately $106,000 on deferred maintenance relating to the property. The overall decrease in valuations in Q4 of 2021 resulted from write downs of two properties where existing tenants renewed their leases at lower lease rates. The write-downs amounted to an aggregate of $1.1M.

During Q3, increases in the fair value of properties amounting to $2.4M reflected increases in income generated by the properties that had previously been vacant and leased as of June 30, 2021. Additionally, the Company invested a significant amount of funds in one of its properties to improve its exterior as well as interior design and added a new showroom to the property. The investment in the improvements have increased the value of the building by $1.3M in the quarter.

The fair value net losses in Q1 2021 reflect reduced income from leases that were renewed in Q1 for lower lease rates, thus reducing the fair value of the properties.

Q2 & Q3 2020 had four large property write-downs; several parcels of vacant land were revalued, and one tenant vacated at the end of Q2 2020. There were a number of leases due for renewal within the a 12 month period which were likely to be renewed at lower lease rates. This was reflected in the decrease in fair value of the related buildings.

While a considerable number of properties had increases in the contracted revenue stream, which increases the value when applying a capitalization ("cap") rate, the Company has chosen to keep the values the same on some of the properties by adjusting the cap rates upward. Most of the values are adjusted slightly upward to offset the amortization of deferred charges, which includes straight-line rent, leasing fees, and tenant inducements if any.

Affecting fair values are changes in the contracted revenue to be received in the next twelve months, as well as changes in the balances of straight-line rent, deferred leasing, tenant inducements, capitalized expenditures, and changes to cap rates. These are inputs that contribute to the fair value increases or decreases of the investment properties.

The fluctuations in earnings per share figures are directly related to the operational activities described herein. There have been no significant changes to the outstanding shares in the last eight quarters.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. Total issued and outstanding shares at December 31, 2021 is 9,451,242 (September 30, 2021 was 9,451,242).

There are currently no options outstanding.

DIVIDENDS

Dividend distribution is determined by the Board of Directors after evaluating the earnings of the Company and the overall outlook for the economy. Dividends are declared and paid based on the common shares owned at the record date. Shareholders are cautioned that past issuance of dividends by the Company does not guarantee that future dividends will be issued.

The Company reinstated dividends in Q1 of 2021 at a rate of $0.06/share annually ($0.015 Quarterly), and paid dividends on January 31, 2021 (Q1), April 30, 2021 (Q2), July 31, 2021 (Q3), and October 31, 2021 (Q4).

Subsequent to the three months ending December 31, 2021, the Company issued a press release on January 6, 2022 announcing the declaration of a quarterly dividend of $.015 per share payable on January 31, 2022 (Q1 2022) to shareholders of record effective January 14, 2022.

RELATED PARTY TRANSACTIONS

Paid to companies owned or controlled by a director, majority shareholder, and officer

Property management and maintenance fees for the three months ended December 31, 2021 of $413,028 (December 31, 2020 - $312,924) were paid to Sable Realty & Management Ltd. ("Sable"), a company controlled by Sine Chadi, a director and officer of the Company. Fees paid to Sable are pursuant to a contract with the Company to bill for the management and maintenance of its properties for a fee of 4% of rents collected. Maintenance performed by Sable's property management team is charged at $85 per hour for labour, plus truck charges, equipment use, and parts charges. Sable provides its trained personnel, trucks, tools, and equipment to perform property maintenance. The Company recovers most of the management and maintenance fees from the tenants under their occupancy costs. Four leases have no management fee recoverable and the remaining leases have a provision for the recovery of 2%-5% of either minimum rent or rent (which would include minimum rent and operating expense recoveries). The percentage of management fees negotiated and collectible under the leases varies based on the amount of work undertaken by Management, as compared to the tenant, in maintaining the property.

Leasing fees in Q1 2022 were $nil (Q1 2021 – $176,925) were paid to North American Realty Corp. ("NARC"), a company controlled by Sine Chadi.

Leased office space and parking were paid to Sable during the three-month period amounting to $45,000 (Q1 2021 - $46,005). Imperial Equities shares its head office space with the Sable head office.

Consulting fees during Q1 2022 were $1,800 (Q1 2020 – $27,229) were paid to Sable for the services provided by the Company's Financial Advisor (formerly the CFO) who is not paid directly by the Company.

Rent collected from Sable for commercial lease space was $23,731(Q1 2021 – $22,104). Sable leases a 7,871 ft^2 building in Edmonton, Alberta from the Company.

Contracts with Sable and NARC have been in place since 1999 with no changes to the terms. They can be viewed on-line at <www.sedar.com>. These contracts and the associated fees and rates are reviewed quarterly by the Company's Board of Directors.

The above transactions took place at amounts which, in Management's opinion, approximate normal commercial rates and terms and occurred in the normal course of operations. The transactions have been recorded at the exchange amount.

Paid to directors

Directors' fees paid for attending directors' meetings during the three-month period were $10,000 (Q1 2021- $10,000). Fees per director per meeting are $2,500, unchanged from the prior year. The fees paid are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations.

Compensation to key Management personnel

The Company's key Management personnel include President Sine Chadi, who is also a director and significant shareholder of the Company. The total compensation paid to Mr. Chadi during the period was $75,000 (Q1 2021 - $75,000). The Company's COO, Patricia Misutka was paid $45,000 in the current period (Q1 2021 – $45,000). The Company's CFO, Azza Osman was paid $41,250 during the current period (Q1 2021 - $31,250).

Unsecured financing from directors and shareholders

As of the period ending December 31, 2021, all unsecured financing from directors and shareholders has been fully repaid with all accrued interest. As of September 30, 2021, $3,800,000 remained outstanding bearing interest at an annual rate of 6% with accrued interest amounting to $251,838.

LIQUIDITY, CAPITAL RESOURCES, AND SOLVENCY

Income from operations or cash flows from operating activities is the primary source of liquidity measures to service debt and fund planned expenditures for maintenance and capital improvements on the investment properties. Net income is not used as a liquidity measure, as it includes non-cash fair value changes on investment properties and fluctuations on mark-to-market short-term investments.

	December 31, 2021	December 31, 2020
Income from operations	$ 3,398,451	$ 3,187,120
Cash provided by operating activities	$ 4,173,370	$ 3,238,389

The Company continues to generate cash from operating activities to meet the requirements of ongoing property maintenance including capital improvements and to meet its debt financing requirements. The Company relies on the existing credit facilities to assist with short-term borrowing needs including funding a portion of property acquisitions. The Company has not breached any debt covenants and maintains a healthy relationship with its current lenders.

During the COVID-19 deferrals in 2020 as well as the rent abatements, the Company's lines of credit were drawn to their maximum and the Company relied on related-party financing to bridge the gap between revenue and expenses in the impacted year. Provided tenants can continue to meet their lease obligations, the cash flow from operations will increase over the next 12 months as the majority of rent deferral agreements have begun to be repaid. At this date, the Company cannot predict the further outcome of the pandemic and the effects it may have on the cashflows and financing opportunities.

The Company primarily relies on its lenders to finance the majority cost of property acquisitions through conventional mortgage financing. Any further cash shortfalls are covered through related-party financing, or current cashflows. The Company has been very successful to date with financing its acquisitions and does not foresee any long-term impediments to obtaining the required financing to continue growth and to satisfy short-term borrowing needs and obligations.

Investment properties unencumbered with debt are valued at $22,138,517 (September 30, 2021 - $21,816,843. Overall, the ratio of debt to assets is 52% (September 30, 2021- 54%), providing possible leverage opportunities in the future.

At December 31, 2021, four mortgages are due in the next twelve months with combined principal balances of $13,048,401 and are shown as current liabilities. When mortgages are renewed, the Company may have the option of increasing the debt on a particular property, subject to the lender's approval, to provide increased capital. There is a risk to the Company that mortgages that are up for renewal may not be renewed or may not be renewed at the same rates and therefore the monthly principal and interest may change.

Subsequent to the period ending December 31, 2021, the Company declared a quarterly dividend of $0.015 per share, paid on January 31, 2022 to shareholders of record effective January 14, 2022.

The Company has no other contractual commitments to purchase or sell assets, other than as disclosed above, and as disclosed in Note 18 of the consolidated financial statements.

CRITICAL ESTIMATES OF THE CURRENT ECONOMIC ENVIRONMENT AND OUTLOOK

The economic environment in which Imperial operates could be adversely affected by tenants challenged by unfavorable economic conditions, such as supply chain issues and increasing inflation.

The economic future is uncertain for every sector of the economy including real estate, but the hardest hit have been the office and retail sectors. Fortunately, the Company has little exposure to retail or office properties. Over 80% of the Company's tenants are large national and multi-national corporations with the potential to endure a downturn in the economy.

While it is anticipated that fluctuations in oil prices will have an impact on the Alberta economy, the Company's tenants with exposure to the oil sector have thus far maintained their lease obligations and of these, only two tenants had previously requested rent deferrals and are now repaying the deferral amounts as agreed.

The Company had entered into rent deferral arrangements in fiscal 2020 and 2021 with certain tenants whose businesses have been impacted by COVID-19. It is not possible to forecast with certainty the duration and full scope of the impact of COVID-19 and so the Company may experience further issues with rent collection, occupancy rates, and capitalization rates that may affect the valuations of the investment properties. The full extent and duration of COVID-19 remain uncertain at this time.

Vacancies as of the period end are 4,160ft^2, down from the previous fiscal year ending September 30, 2021 (9,264 ft2). The Company continues to actively market current vacancies.

The Company has been successful in obtaining financing and renewing its mortgages. To date, the Company has been very successful with its financing requirements and diligently monitors risk factors when considering strategic plans.

RISKS

Coronavirus risk – ("COVID-19")

The impact of COVID-19 on companies continues to evolve and its future effects are uncertain, making it difficult to assess or predict the broad effects on industries and individual tenants. The actual impact will depend on many factors beyond the Company's control and knowledge. Management is responding to evolving events and planning for the uncertainties surrounding the effects of COVID-19 on the Company.

COVID-19 - Impact on the financial condition and results of operations

The impact of COVID-19 on the consolidated financial statements included write-downs in the prior year on some of the Company's properties where leases were renewed at lower rates. The write-downs affected the earnings per share on the consolidated statements of income. In the current period, there were no write-downs as previously vacant properties have mostly been leased and the Company has been successful with all lease renewals that have come due. In the current period, cashflows have improved as tenants began repaying their deferred rent amounts & tenants with abatements in fiscal 2020 and 2021 have resumed paying their full monthly rent.

The Company's long-term financial impact will be driven by the tenants' ability to survive the crisis and meet their lease obligations.

The Company has little exposure to retail tenants who have had to suspend operations during this pandemic.

Much of the rent relief offered was in the form of deferrals. Over the next 2 years, revenue from tenants that was deferred until 2022 and beyond will continue to positively impact the cashflows and affect the Company's liquidity up to and including fiscal 2023.

COVID-19 - Impact on capital and financial resources

The Company's access to capital and funding sources, such as revolving credit facilities, new mortgages, and related party financing has not changed during the year. The Company renewed 2 mortgages in the current period that matured on October 1, 2021.

At this reporting date, the Company has no known uncertainties as it relates to the ability to service the current debt and other financial obligations.

Portfolio of Tenants and Lease Roll-Over Risk

One of the Company's internal performance drivers is to ensure the quality of its tenant base is strong. Most of the Company's tenants are large multi-national or national and are very likely to manage their operations sustainably during any economic turbulence. The Company has one large tenant occupying five properties in five locations including Edmonton, Nisku, Red Deer, Fort McMurray, and Fort St. John in British Columbia. The revenue from this tenant in Q1 2022, accounts for approximately 23% of Imperial's total revenue. The Company continuously carries out risk assessment activities with all its tenants to assess potential exposure associated with the tenant's performance. This tenant has been assessed to have strong financial performance and this is reflected through all property performance and in all financial matters between the Company and the Tenant.

Mix of Tenant Base	Institutional	Multi-National	National	Regional Large	Regional Medium	Local Small	Totals
% of Occupied GLA	7%	37%	39%	9%	1%	7%	100%
% of Annual Rental Revenue	3%	45%	35%	12%	1%	3%	100%

The Company's annual rental revenue is the 12-month revenue stream from contracted rents, also called Minimum Rent or Basic Rent in the Company's leases, and excludes revenues from property taxes and insurance, operating expense recoveries, and month-to-month leases.

The Company's real estate portfolio is predominately comprised of large single-tenant industrial buildings that are leased to multi-national and national tenants.

Most tenants have been with the Company for many years and the Company conducts due diligence on all prospective tenants. Notwithstanding the size of each tenant, the Company's risks involve losing tenants due to unforeseen circumstances and poor economic conditions.

The risk of vacancy in any leased space is a risk to the Company's ability to continue to meet the mortgage obligations on the property, as well as carrying costs including property taxes, utilities, and insurance. If in an extreme case a property became vacant, the carrying costs and mortgage payments if any could be paid for with existing cash flows from operations. At December 31, 2021 Imperial's occupancy rate is 99.6%.

As with all the Company's past transactions, future opportunities will be evaluated through proper due diligence, assessment of industry conditions and geographical locations, and other external considerations.

Market values of the investment properties can decrease if the demand for industrial properties lease space decreases and rental rates are reduced, or capitalization rates increase. The Company's exposure to the market value of its real estate assets affects mortgages up for renewal. Properties with mortgages that are maturing in the next 12 months will be externally appraised for their current market value if the lender requires.

Factors that influence market values of investment properties are the income generated from the property, demand, vacancy rates, term of the current lease, the strength of the current tenant, age of the building and location. Imperial is not aware of any obstacles at this date that would negatively affect its ability to refinance its buildings as the mortgages come due.

The total fair value of the investment properties at December 31, 2021 is $245,473,069 which includes $22,138,517 of properties unencumbered with debt. The mortgages and bank operating facilities secured against specific properties total $128,354,069 or 52% of the value of the Company's investment properties. Management believes the amount of debt against the properties is low enough to absorb any decline in values and support our ability to refinance.

Lease rates will likely adjust downward if the demand for comparable lease space decreases, which is expected in any economic downturn. As demand for lease space increases, so does the lease rate. Imperial is mindful of these risks, and Management believes that any further leases that are up for renewal in the next twelve months will likely be renewed at the same rates. Nonetheless, the Company will be responsive to economic conditions.

Interest rates on mortgages that are up for renewal are currently at the lowest the Company has seen for several years. This bodes well for renewals and new mortgages on acquisitions as the Company will save significantly on interest costs while the rates are low. The Company tries to mitigate the risk of rising interest rates by fixing rates for longer terms and by minimizing its exposure to floating-rate financing. All mortgages have fixed terms and fixed rates.

Environmental risk

The Company is subject to various federal, provincial and municipal laws relating to the environment and is increasingly responsible for accounting for its environmental impacts and those of its associated tenants, partners and supply chain. The Company is moving to ensure it can meet its accountability requirements as well as to set goals to ensure its environmental risks are managed, mitigated and its environmental footprint is reduced overtime. The Company has set a goal of achieving Net Zero impact and in the coming months, will more directly determine a path and timeline to achieve this goal.

The Company manages its environmental impacts in three ways:

1) Any new builds, or redevelopment of a property are assessed to ensure structures are designed to improve overall energy efficiency and to lower emissions.

2) All property purchases include commissioning of an environmental site assessment and increasingly rigorous assessment of environmental risks with the applicable financing body. The company will reject potential investments if environmental factors are not manageable or will factor required mitigation into any purchase price. It will move to address or manage any remediation immediately upon purchase. The Company aims to ensure it has no sustaining environmental mitigation required at any of its properties.

3) Improving the energy efficiency of its assets on an ongoing basis. When the company renovates an existing site, it looks for opportunities to upgrade existing systems, especially in older properties. Roof maintenance, upgraded windows, and installation of LED lighting is prioritized to improve the overall environmental footprint of an older building, to a level of a newer build. In addition, effective asset management improves the overall longevity of a property to extend the life, rather than investing in the demolition and reconstruction of assets. In addition, the Company is investigating opportunities to introduce new systems into building to support its tenants' environmental goals, such as providing EV chargers for tenants' staff and visitors, environmental offsets, and on-site power generation.

The Company is following developments of the Canadian Securities Administrators current consultation on Climate-related disclosures, to ensure it will achieve timely compliance with any new requirements. In addition, it has chosen the Global Reporting Initiative (GRI) as a framework with which to account for its ESG (Environmental, Social, and Governance) related measures. The first report based on the GRI General Disclosures is integrated in this Annual Report. Starting in 2023, the Company will also report using the GRI's Construction and Real Estate Disclosures.

Cybersecurity risk

Cybersecurity has been identified as a risk to the Company, promoting regular reviews of security measures to take appropriate steps to reduce this risk. While the Company is aware it cannot protect against all types of attacks and human error, Management has an adequate defense against the most common ones. Policies to protect the Company's data from a breach include the following:

- Limited access data; computer data is in locked offices with strictly limited access;
- strict username and password protection including frequently changing passwords which limits the access to company information;
- only use trusted software to execute on the operating system;
- regular updates of anti-virus software, web browsing and email security software, malware security software and firewalls;
- employee vigilance against suspicious emails and attachments;
- update to new operating systems as they are made available to reduce the risk of unintentional and intentional computer infection;
- automatic software updates to ensure software currency, and reduce the risks associated with out-of-date, vulnerable software; and
- use of physical external hard drives to backup the system daily.

The Company has not experienced any breach of its data to date, and it will continue to regularly use third-party IT consultants to provide advice on hardware and security options.

PLANNED EXPENDITURES

There are opportunities to purchase other properties currently on the market. The Company continues to look at all opportunities and evaluate the best possible alternatives. Cash needed to fund an acquisition of property will be provided through cash flows from operations, available funds through current bank credit facilities, and securing long-term financing. Related-party financing is available to the Company, generally on a short-term basis. Management tries to avoid related-party financing as the interest rate is higher than current bank credit facilities; however, Management will use this resource, if necessary, as an interim measure until lower financing is put in place.

The upcoming acquisitions and property construction will be funded with cash, conventional mortgage, and the existing lines of credit if necessary.

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

Future accounting standards

The Company has performed an assessment of new standards issued by the International Accounting Standards Board ("IASB") that are not yet effective. The Company has not yet determined the impact of the new standards on its consolidated financial statements.

(a) Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimation uncertainty, in applying the Company's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

(i) COVID-19

The COVID-19 pandemic had a substantial impact on the economy. The uncertainty surrounding the pandemic has required significant judgement when measuring the investment properties at fair value, which requires assumptions about the market conditions. The long-term impact is unknown, and the Company has used judgement when assessing the collectability of outstanding tenant receivable balances.

(ii) Leases

The Company has commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts with tenants as operating leases. In applying this policy, the Company makes judgements for the point in time at which revenue recognition under the lease commences.

The Company applies judgement in assessing whether an arrangement is, or contains, a lease in which the Company is a lessee, and in determining the lease term by considering the probability of an option being exercised to extend the term. Judgement was applied in determining the incremental borrowing rate and discount rate applied to the lease liability and right-of-use asset.

(iii) Investment property

The Company's accounting policies relating to investment property are described in Note 2 (b) of the consolidated financial statements. In applying this policy, judgment is applied in determining whether certain costs are additions to the carrying amount of the property to be capitalized and, for properties under development, identifying the point at which practical completion of the property occurs, and the directly attributable borrowing costs are included in the carrying value of the development property. Capitalization of expenses ceases to occur when the investment property is available for use. This judgement is applied when the property is substantially complete and is typically concurrent with occupancy. Judgment is also applied in determining the extent and frequency of independent appraisals.

In the normal course of operations, the Company acquires investment properties. At the time of the acquisition, the Company considers whether the acquisition represents the acquisition of a business or a group of assets and liabilities. All acquisitions of investment properties acquired to date by the Company have been determined to be asset acquisitions.

(iv) Income tax

The Company follows the asset/liability method for calculating deferred income taxes. Tax interpretations, regulations, and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by Management at the end of the reporting year to determine the likelihood that they will be realized from future taxable earnings. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction.

(v) Classification of tenant incentives

Payments are sometimes made to, or on behalf of, tenants of our commercial properties when new leases are signed. When the payments add future value to the space independent of the lease in place, such costs are capitalized to the investment property. If the costs incurred are specific to the lessee, and do not have stand-alone value, these costs are treated as tenant incentives and amortized on a straight-line basis to revenue over the lease term in accordance with IFRS 16.

(b) Critical accounting estimates and assumptions

The Company makes estimates and assumptions that affect carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of earnings for the year. Actual results could differ from estimates. The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

Investment properties

The choice of the valuation method for fair valuing and the critical estimates and assumptions underlying the valuation of investment properties and investment properties under construction are set out in Note 3 in the consolidated financial statements.

Significant estimates used in determining the fair value of the investment properties include capitalization rates and normalized net operating income (which is influenced by the inflation rate, interest rates, vacancy rates, structural reserves, and standard costs) of the property, using property-specific capitalization rates.

Investment property under construction is also valued at fair value, unless such value cannot be reliably determined. In the exceptional case when a fair value cannot be reliably determined, such property is recorded at cost. The fair value of investment property under construction is determined using either the discounted cash flow method or the residual method.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets and capitalization rates applicable to those assets. In addition, development risks (such as construction and leasing risks) are also taken into consideration when determining the fair value of investment property under construction. These estimates are based on local market conditions existing at the reporting date. In arriving at estimates of market values, Management used their market knowledge and professional judgement and did not rely solely on historical transaction comparables. In estimating the fair values of investment property in these circumstances, there is more uncertainty than which exists in a more active market. The critical estimates and assumptions underlying the valuation of investment properties and developments are set out in Note 3.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded.

MEASURES NOT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Throughout the MD&A, Management will use measures that will include debt and unencumbered investment properties. These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar calculations presented by other issuers. Different issuers may use the same term(s) to refer to different calculations or may vary the definitions of a particular term from one year to another. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies.

DISCLOSURE CONTROLS AND PROCEDURES

Risks Associated with Disclosure Controls and Procedures & Internal Control over Financial Reporting

The Company's major weakness in internal controls and procedures has always been the lack of segregation of duties in the accounting department. The potential impact of a material weakness in internal controls on the financial statements would be the possibility of a material misstatement going undetected. Management is responsible for the existence and effectiveness of systems, controls, and procedures to ensure that information used internally by Management and disclosed externally is reliable and timely. Management has initiated measures to mitigate such material weakness with the addition of new staff to segregate duties.

The Company is a Venture Issuer and is not required to certify the design and evaluation of the disclosure controls and procedures and internal control over financial reporting, and has not completed such an evaluation. There are inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DC&P and ICFR for the Company, and therefore there may be additional risks to the quality, reliability, transparency, and timeliness of and annual filings and other reports provided under securities legislation.

In addition to performing the accounting and reporting functions of the Company, the CFO also provides accounting functions to numerous other private companies owned and operated by the CEO. There is the potential for conflict of interest regarding related-party transactions. All related-party transactions are disclosed each quarter and the Audit Committee is provided with comparable figures for fees charged by other companies.

All proposed acquisitions are discussed at the Audit Committee stage. Once all internal conditions are met, an independent appraisal is ordered. Upon the successful closing of the transaction, acquisition fees charged by the asset manager, a related party, are disclosed to the Audit Committee. The Audit Committee provides oversight of financial statements and the MD&A released to the public on a quarterly basis.

The Company cannot guarantee that controls and procedures in place will prevent all errors or misstatements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements to report.

FINANCIAL STATEMENTS

for the first quarter ending December 31, 2021

IMPERIAL EQUITIES INC.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	(Unaudited) December 31, 2021	(Audited) September 30, 2021
Assets			
Investment properties	3	245,473,069	244,943,895
Right-of-use asset	4	625,169	662,679
Total non-current assets		**246,098,238**	**245,606,574**
Current portion of mortgage receivable	3	-	2,500,000
Receivables	5	11,889	279,750
Prepaid expenses and deposits	6	302,435	905,499
Cash and cash equivalents		365,232	196,114
Total current assets		**679,556**	**3,881,363**
Total Assets		**246,777,794**	**249,487,937**
Liabilities			
Mortgages	7	94,421,888	82,293,558
Lease liability	9	528,557	564,738
Security deposits		703,741	748,608
Deferred taxes	12 (b)	14,313,452	14,272,154
Total non-current liabilities		**109,967,638**	**97,879,058**
Current portion of mortgages	7	19,197,070	26,216,379
Current portion of lease liability	9	149,886	148,046
Other financing	21 (b)	-	3,800,000
Bank operating facilities	8	14,512,718	20,360,492
Payables and accruals	10	1,176,429	1,701,278
Income taxes payable		1,240,244	703,934
Total current liabilities		**36,276,347**	**52,930,129**
Total Liabilities		**146,243,985**	**150,809,187**
Equity			
Issued share capital	15 (a)	5,947,346	5,947,346
Retained earnings		94,586,463	92,731,404
Total Equity		**100,533,809**	**98,678,750**
Total Equity and Liabilities		**246,777,794**	**249,487,937**

Guarantees, contingencies, and commitments (Note 18)
Post-reporting date events (Note 22)

See accompanying notes to the consolidated interim financial statements.

IMPERIAL EQUITIES INC.
UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
Three months ending December 31,

	Notes	2021	2020
Rental revenue	14,17	**4,883,273**	4,278,027
Property operating expenses	14	**(1,484,822)**	(1,090,907)
Income from operations		**3,398,451**	3,187,120
Finance costs	11	**(1,060,183)**	(1,068,029)
Administrative expenses		**(377,660)**	(286,958)
Amortization of deferred leasing	3	**(85,799)**	(66,838)
Amortization of right-of-use asset	4	**(37,510)**	(37,510)
Valuation net gains (losses) from investment property	3	**594,100**	(152,233)
Income before income tax		**2,431,399**	1,575,552
Income tax expense	12 (a)	**(434,571)**	(193,700)
Net income and comprehensive income		**1,996,828**	1,381,852
Earnings per share basic and diluted	16	**0.21**	0.15

See accompanying notes to the consolidated interim financial statements.

IMPERIAL EQUITIES INC.
UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
Three months ending December 31,

	Notes	2021	2020
Rental revenue	14,17	**4,883,273**	4,278,027
Property operating expenses	14	**(1,484,822)**	(1,090,907)
Income from operations		**3,398,451**	3,187,120
Finance costs	11	**(1,060,183)**	(1,068,029)
Administrative expenses		**(377,660)**	(286,958)
Amortization of deferred leasing	3	**(85,799)**	(66,838)
Amortization of right-of-use asset	4	**(37,510)**	(37,510)
Valuation net gains (losses) from investment property	3	**594,100**	(152,233)
Income before income tax		**2,431,399**	1,575,552
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Net income and comprehensive income		**1,996,828**	1,381,852
Earnings per share basic and diluted	16	**0.21**	0.15

See accompanying notes to the consolidated interim financial statements.

IMPERIAL EQUITIES INC.
UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Number of shares	Capital stock	Retained earnings	Total
October 1, 2021	9,451,242	$ 5,947,346	$ 92,731,404	$ 98,678,750
Dividends paid	-	-	(141,769)	(141,769)
Net earnings	-	-	1,996,828	1,996,828
Balance December 31, 2021	9,451,242	$ 5,947,346	$ 94,586,463	$ 100,533,809

	Number of shares	Capital stock	Retained earnings	Total
October 1, 2020	9,460,442	$ 5,925,098	$ 86,336,638	$ 92,261,736
Shares held in treasury	-	28,044	-	28,044
Shares cancelled during the year	(9,200)	(5,796)	(22,248)	(28,044)
Dividends paid	-	-	(425,306)	(425,306)
Net earnings	-	-	6,842,320	6,842,320
Balance September 30, 2021	9,451,242	$ 5,947,346	$ 92,731,404	$ 98,678,750

See accompanying notes to the consolidated interim financial statements.

IMPERIAL EQUITIES INC.
UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
Three months ending December 31,

	Notes	2021	2020
Operating activities			
Net income from operations		1,996,828	1,381,852
Finance costs		1,060,183	1,068,029
Items not affecting cash:			
Amortization of right-of-use asset		37,510	37,510
Amortization of tenant inducements		16,550	6,878
Amortization of deferred leasing commissions		85,799	66,838
Fair value (gains) losses on investment properties		(594,100)	152,233
Straight-line rental revenue		86,383	(105,716)
Deferred income taxes		41,297	44,837
Leasing commissions		(5,988)	(176,925)
Net change in operating working capital	13	1,448,908	762,853
Cash provided by operating activities		4,173,370	3,238,389
Investing activities			
Improvements and additions to investment properties		(117,818)	(294,202)
Proceeds on mortgage receivable		2,500,000	-
Net change in investing working capital	13	(358,603)	(57,650)
Cash provided by (used in) investing activities		2,023,579	(351,852)
Financing activities			
Proceeds from new mortgages		20,500,000	-
Repayment of mortgages on maturity		(13,695,362)	-
Repayment of mortgages through principal instalments		(1,699,905)	(1,707,287)
Amortization of deferred finance fees		22,528	21,125
Fees associated with new or renewed mortgages		(18,240)	(3,851)
Repayment of other financing		(3,800,000)	-
Finance costs		(1,060,183)	(1,068,029)
Principal repayments on lease liability		(34,341)	(35,345)
Dividends paid		(141,769)	-
Net (repayments) advances on bank operating facilities		(5,847,774)	26,590
Net change in financing working capital	13	(252,785)	73,241
Cash used in financing activities		(6,027,831)	(2,693,556)
Increase in cash and cash equivalents		169,118	192,981
Cash and cash equivalents, beginning of fiscal year		196,114	123,619
Cash and cash equivalents, end of fiscal year		365,232	316,600

See accompanying notes to the consolidated interim financial statements

1. Description of the Company

Imperial Equities Inc. ("the Company") was incorporated in Edmonton, Alberta, Canada. The registered and operating office of the Company is 2151, 10060 Jasper Avenue, Edmonton, Alberta T5J 3R8. The Company's operations consist of the acquisition, development, and redevelopment of industrial, agricultural, and commercial properties primarily in Edmonton and throughout Alberta. All the operations of Imperial Equities Inc. are conducted in Canadian funds. The Company's common shares trade on the TSX Venture Exchange (TSXV) under the symbol "IEI". These consolidated financial statements include the Company and its wholly-owned subsidiaries, Imperial Equities Properties Ltd. ("IEPL"), Imperial One Limited, Imperial Two Limited, Imperial Three Limited, Imperial Four Limited, Imperial Five Limited, Imperial Six Limited, Imperial Seven Limited, and Imperial Eight Limited.

2. Significant accounting policies

(a) Statement of compliance, the basis of presentation and consolidation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and certain financial instruments that have been measured at fair value. These consolidated financial statements are prepared on a going concern basis and are presented in Canadian dollars, which is the Company's functional currency.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, which are the entities over which the Company has control. The Company controls the entity when the Company is exposed to or has rights to variable returns from its involvement with the entity and can affect those returns. All significant intercompany balances and transactions have been eliminated.

(b) Investment properties

Investment properties are comprised of acquired properties, developed commercial properties, and properties under development or re-development, held to earn rental income or for capital appreciation or both.

Investment properties

Investment properties are measured initially at cost including transaction costs. Transaction costs include various professional fees, initial leasing commissions, and other costs to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. After initial recognition, investment properties are stated at fair value. Related fair value gains and losses arising from changes in the fair values are recorded in the consolidated statements of comprehensive income in the period in which they arise.

The carrying value of investment properties also includes straight-line rent receivable, tenant incentives, and leasing commissions.

Tenant incentives are inducements given to prospective tenants to move into the properties or to existing tenants to extend the lease term. The net book value of tenant incentives is included in the carrying value of the investment properties and are deducted from rental revenue on a straight-line basis over the term of the tenant's lease.

Investment properties are derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognized in the consolidated statements of comprehensive income in the period of retirement or disposal. Gains or losses on the disposal of investment properties are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous reporting period financial statements.

Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of re-development or development with a view to sale. Investment properties are reclassified to "Investment properties held for sale" when the criteria set out in IFRS 5 "Non-Current Asset Held for Sale and Discontinued Operations" are met (Note 2(e)). If the investment property is not sold and the criteria are no longer met, the investment property is no longer classified as "Investment properties held for sale."

Vacant land owned by the Company is held for capital appreciation or future development and treated as investment property.

Investment properties under development

The cost of properties under development includes direct development costs, realty taxes, and borrowing costs directly attributable to the development. Investment properties under development are measured at fair value at each reporting date and any gains or losses are recognized in the consolidated statements of comprehensive income. If the fair value of investment properties under development is not reliably determinable, but the Company expects the fair value of the properties to be reliably determinable when construction is complete, it measures those investment properties under development at cost until either the fair value becomes reliably determinable, or construction is completed (whichever is earlier).

Borrowing costs related to properties under development

Borrowing costs associated with direct expenditures on properties under development are capitalized. Where borrowings are associated with specific developments, the amount capitalized is the gross cost incurred on those borrowings less any investment income arising on their temporary investment. Borrowing costs are capitalized from the commencement of the development until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale, are complete. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs along with amortization of deferred finance fees, and net of interest income.

(c) Business combinations

In accordance with IFRS 3 – Business Combinations ("IFRS 3"), the acquisition of an asset or group of assets is recorded as a business combination if the assets acquired and the liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest), or generating other income from ordinary activities. Building and other asset acquisitions, which meet the above definition of a business, are recorded as business combinations and the acquisition method of accounting for these transactions is applied. Building and other asset acquisitions which do not meet the above definition of a business are recorded as an asset addition. There are no acquisitions that meet the definition of a business in the current or comparative year.

(d) Impairment of assets

At the end of each reporting period, assets, other than those identified in the standards as not being applicable to IAS 36 – Impairment of Assets such as investment properties recorded at fair value, are assessed for any indication of impairment. Should any indication of impairment exist, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at the cash-generating unit level. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is defined as the higher of an asset's "fair value less costs of disposal" and its "value-in-use". In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

Where the carrying amount of an asset exceeds the recoverable amount determined, an impairment loss is recognized in the consolidated statements of comprehensive income. Should this impairment loss be determined to have reversed in a future period, a reversal of the impairment loss is recorded in the consolidated statements of comprehensive income. However, the reversal of an impairment loss will not increase the carrying amount that would have been determined had no impairment loss been recognized.

(e) Investment property held for sale

Investment property is categorized as held for sale where the property is available for sale in its present condition and the sale is highly probable. For this purpose, a sale is highly probable: (a) if management is committed to a plan to achieve the sale, (b) there is an active program to find a buyer, (c) the property is being actively marketed at a reasonable price, (d) the sale is anticipated to be completed within one year from the date of classification, and (e) it is unlikely there will be changes to the plan. Where a property is acquired with a view to resale, it is classified as held for sale if the disposal is expected to take place within one year of the acquisition and it is highly likely that the other conditions referred to above will be met within a brief period following the acquisition. Retrospective application is not required; therefore, comparative figures will not be adjusted to reflect property held for sale. On reclassification to or from investment property held for sale, investment property that is measured at fair value continues to be so measured.

(f) Leases

The Company as a Lessee

The Company assesses whether a contract is, or contains, a lease at the inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measure of the lease liability comprise:

- Fixed payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of an option in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or a rate change in expected payment under a guaranteed residual value, in which cases, the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses (for right-of-use assets which are considered property, plant, and equipment). Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Company applied IAS 36 to determine whether a right-of-use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments and are included in operating expenses in the consolidated statements of comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient on its contract for office space which contains both lease and non-lease components.

The Company as a Lessor

The Company enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. As the Company has retained substantially all of the risks and benefits of ownership of its investment properties, it accounts for leases with its tenants as operating leases. As operating leases, lease payments are recognized as revenue when the tenant has a right to use the leased asset. The leased asset is recognized in the consolidated statement of financial position according to the nature of the underlying asset.

(g) Segment reporting

Operating segments are defined as components of the Company for which separate financial information is available and is evaluated by the chief operating decision-maker ("CODM") in allocating resources and assessing performance. The CODM is the President and Chief Executive Officer who has determined there are two reportable segments, an agricultural division, and an industrial division. All the Company's operations are solely in Canada and are under one business, commercial real estate. The CODM and the board of directors will evaluate the performance of the segments based on income from operations and have set a predetermined level of resources to be allocated to the growth of the agricultural division.

(h) Income tax

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current income taxes including any adjustments to tax payable in respect of previous years are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the reporting date. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

(i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation because of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the best estimate of the consideration required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are re-measured at each balance sheet date using the current discount rate. The increase in the provision due to the passage of time is recognized as interest expense.

(j) Revenue recognition

Contracted rental revenue is recognized and measured in accordance with IFRS 16 *Leases*. Revenue commences when a tenant has a right to occupy the leased asset. Base rents or minimum rents in lease contracts are recognized on a straight-line basis over the term of the lease; a straight-line rent receivable, which is included in the carrying amount of investment property, is recorded for the difference between the rental revenue recorded and the contractual amount received. The Company has retained substantially all the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases.

Rental revenue includes recoveries of property taxes, insurance, and operating expenses. Operating expense recoveries from tenants are providing a service to the tenant and therefore are non-lease components. IFRS 15 *Revenue from Contracts with Customers* requires revenue recognized from non-lease components to be disclosed separately from other sources of revenue. Operating expense recoveries are recognized over time for services rendered in the period they are earned. The recoveries are included gross of the related costs in revenue, as management considers that the Company acts as principal in this respect. Some of the Company's leases allow the tenant to pay property taxes directly to the municipality. When the tenant chooses this option, the Company does not recognize any revenue recovery or expense related to those property taxes. Rental revenue also includes accelerated rent adjustments that occur when the Company agrees to allow a tenant to terminate their lease in advance of the contractual lease term. The proceeds of the negotiated rent adjustment are recognized in income when it is receivable, and there is no ongoing contractual obligation.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payment is not made on such basis. The lease term is the non-cancellable period of the lease.

When management determines the collectability of revenue under a lease is not reasonably assured, revenue is no longer recorded.

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on an unconditional exchange of contracts. For conditional exchanges, sales are recognized only when all the significant conditions are satisfied.

(k) Fair value measurements

The Company measures certain non-financial assets such as investment property at fair value at the end of each reporting period. Fair values of financial instruments measured at amortized cost are disclosed in the notes to the consolidated financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
  or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Company must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability if market participants act in their economic best interest. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(l) Financial instruments

Financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instruments. Financial assets are derecognized when the contractual rights to the cash flow from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred. For financial assets, the Company applies the general approach to recognize impairment losses which require losses to be recognized from possible defaults in the next twelve months.

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instruments and they are derecognized when they are extinguished, discharged, canceled, or expire.

<u>Classification and measurement</u>

Financial assets are classified and measured based on three categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit and loss (FVTPL). Financial liabilities are classified and measured in two categories: amortized cost or FVTPL.

The following summarizes the Company's classification and measurement of financial assets and liabilities:

	Classification and Measurement
Financial Assets	
Cash and cash equivalents	Amortized cost
Tenant receivables	Amortized cost
Mortgage receivable	Amortized cost
Financial Liabilities	
Bank operating facilities	Amortized cost
Payables and accruals	Amortized cost
Lease liability	Amortized cost
Other financing	Amortized cost
Mortgages	Amortized cost
Security deposits	Amortized cost

The Company does not have any derivatives embedded in financial or non-financial contracts.

(m) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less.

(n) Normal course issuers bid

Common shares purchased under the normal course issuer bid ("NCIB") are acquired at market value. The transaction reduces the number of common shares outstanding and the transaction value, including costs, reduces capital stock at the adjusted cost base of the shares repurchased with the remaining transaction value charged to retained earnings. For shares acquired and not canceled, the transaction value, including costs, reduces capital stock.

(o) Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimation uncertainty, in applying the Company's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

(i) **COVID-19**

The COVID-19 coronavirus has had a substantial impact on the economy. The uncertainty surrounding the pandemic has required significant judgement when measuring the investment properties at fair value, which requires assumptions about the market conditions. The long-term impact is unknown and the Company has used judgement when assessing the collectability of outstanding tenant receivable balances.

(ii) Leases

The Company has commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts with tenants as operating leases. In applying this policy, the Company makes judgments concerning the point in time at which revenue recognition under the lease commences.

The Company applies judgement in assessing whether an arrangement is, or contains, a lease in which the Company is a lessee, and in determining the lease term by considering the probability of an option being exercised to extend the term. Judgement was applied in determining the incremental borrowing rate and discount rate applied to the lease liability and right-of-use asset.

(iii) Investment properties

The Company's accounting policies relating to investment properties are described in Note 2(b). In applying this policy, judgment is applied in determining whether certain costs are additions to the carrying amount of the property to be capitalized and, for properties under development, identifying the point at which practical completion of the property occurs and the directly attributable borrowing costs are included in the carrying value of the development property. Capitalization of expenses ceases to occur when the property under development is available for use. This judgment is applied when the property is substantially complete and is sometimes concurrent with occupancy.

In the normal course of operations, the Company acquires investment properties. At the time of the acquisition, the Company considers whether the acquisition represents the acquisition of a business or a group of assets and liabilities. All acquisitions of investment properties acquired to date by the Company have been determined to be asset acquisitions.

(iv) Classification of tenant incentives

Payments are sometimes made to, or on behalf of, tenants of our commercial properties when new leases are signed. When the payments add future value to the space independent of the lease in place, such costs are capitalized to the investment property. If the costs incurred are specific to the lessee, and do not have stand-alone value, these costs are treated as tenant incentives and amortized on a straight-line basis to revenue over the lease term in accordance with IFRS 16.

(v) Income tax

The Company follows the asset/liability method for calculating deferred income taxes. Tax interpretations, regulations, and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction.

(p) Critical accounting estimates and assumptions

The Company makes estimates and assumptions that affect carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amount of earnings for the period. Actual results could differ from estimates. The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

(i) Investment properties

The choice of valuation method and the critical estimates and assumptions underlying the calculation of the fair value of investment properties and investment properties under development is set out in Note 3.

Significant estimates used in determining the fair value of the investment properties include capitalization rates and normalized net operating income (which is influenced by the inflation rate, vacancy rates, and standard costs) by individual properties, using property-specific capitalization rates.

Investment property under development is valued at cost until either the fair value becomes reliably determinable, or construction is completed (whichever is earlier).

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets and capitalization rates applicable to those assets. In addition, development risks (such as construction and leasing risks) are also taken into consideration when determining the fair value of investment property under development. These estimates are based on local market conditions existing at the reporting date. In arriving at estimates of market values, management used their market knowledge and professional judgment and did not rely solely on historical transaction comparables. In these circumstances, there is more uncertainty than which exists in a more active market in estimating the fair values of investment property. The critical estimates and assumptions underlying the valuation of investment properties and developments are set out in Note 3.

(ii) Income taxes

Uncertainties exist concerning the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded.

Future accounting standards

New and amended standards not yet adopted

IAS 1 *Presentation of Financial Statements* has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2020. The amendments provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. The amendments specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months; provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and clarify when a liability is considered settled. On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023, and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* amendments were made to IAS 37, in order to clarify (i) the meaning of "costs of fulfill a contract", and (ii) that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. IAS 37 is required to be applied for annual periods beginning on or after January 1, 2022. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

3. Investment properties

	Income Producing Properties	Held For Development	Total Investment Properties
Opening balance at September 30, 2021	$ 232,541,903	$ 12,401,992	**$ 244,943,895**
Additions:			
Property improvements and additions	115,683	2,135	**117,818**
Leasing commissions	5,988	-	**5,988**
Amortization of tenant inducements	(16,550)	-	**(16,550)**
Change in straight-line rental revenue	(86,383)	-	**(86,383)**
Revaluation gains (losses), net	594,100	-	**594,100**
Amortization of deferred leasing commissions	(85,799)	-	**(85,799)**
Ending balance at December 31, 2021	**$ 233,068,942**	**$ 12,404,127**	**$ 245,473,069**

	Income Producing Properties	Held For Development	Total Investment Properties
Opening balance at September 30, 2020	$ 214,542,476	$ 12,401,992	**$ 226,944,468**
Additions:			
Property improvements and additions	1,973,550	-	**1,973,550**
Capitalized property taxes and other	-	144,605	**144,605**
Tenant inducements	386,881		**386,881**
Leasing commissions	764,652	-	**764,652**
Property acquisitions	13,643,005	-	**13,643,005**
Amortization of tenant inducements	(43,414)	-	**(43,414)**
Change in straight-line rental revenue	(248,646)	-	**(248,646)**
Revaluation gains (losses), net	1,830,508	(144,605)	**1,685,903**
Amortization of deferred leasing commissions	(307,109)	-	**(307,109)**
Ending balance at September 30, 2021	**$ 232,541,903**	**$ 12,401,992**	**$ 244,943,895**

Valuation methodology and processes

The fair value of investment properties at each reporting period is determined internally by management using assumptions and market information obtained from industry professionals and qualified external appraisers. Management uses inputs from external appraisers as additional sources of information when recording property-specific attributes. Investment properties carried at fair value are categorized by level according to the significance of the inputs used in making the measurements. As the fair value of investment properties is determined with significant unobservable inputs, the investment properties are typically classified as Level 3 assets. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Management's primary internal valuation model is based on a capitalization of the forecasted normalized net operating income approach. The Company determines the forecasted normalized net operating income using a one-year income forecast for each property based on current in-place rents and assumptions about occupancy, structural and vacancy reserves, less cash outflows expected to operate and manage each property within the portfolio. Capitalization rates used to estimate fair market value consider many factors including but not limited to; the location of the property, the size of the land parcel, site coverage, the quality and strength of tenants, whether lease rates are over or under current market rates, demand for the type and use of the property, the age of the building, any special use characteristics of the building or area, whether it is single-tenant or multi-tenanted and vacancy rates in the area. Market information related to the external sale of similar buildings within a similar geographic location is also taken into consideration.

Land held for development with holding income is valued based on sale data within the market area.

The Company's executive management team is responsible for determining fair value measurements including verifying all major inputs included in the valuation. Management, along with the Audit Committee, discusses the valuation process and key inputs every quarter.

The key level 3 valuation metrics for the investment properties are set out below.

	December 31, 2021	September 30, 2021
Range of capitalization rates applied to investment properties	4.27% - 8.50%	4.27% - 9.35%
Fair values of properties where cap rates were applied	$ 229,160,324	$ 228,631,148
Weighted average cap rates	6.35%	6.35%
Fair value impact of increasing average cap rate by 0.25%	$ (8,683,898)	$ (8,664,623)
Fair value impact of a 1% decrease in net operating income	$ (2,294,405)	$ (2,289,113)
Land held for development		
Average price per acre of land	$ 157,274	$ 157,274
Number of acres	64.55	64.55
Total fair values	$ 10,152,036	$ 10,152,036
Impact of a 10% change in average price per acre	$ 1,015,204	$ 1,015,204
Land under lease agreements with tenants		
Number of acres leased	7.90	7.90
Average price per acre	$ 779,837	$ 779,837
Total fair values of leased land	$ 6,160,170	$ 6,160,710
Impact of a 10% change in average price per acre	$ 616,071	$ 616,071

Included in the carrying amount of investment properties are the following:

	December 31, 2021	September 30, 2021
Straight line rent receivable	$ 2,050,855	$ 2,137,238
Tenant inducements	432,383	448,934
Leasing commissions	1,825,688	1,905,499
	$ 4,308,926	$ 4,491,671

All the above are amortized over the terms of the respective leases.

Mortgage receivable

During Q4 2020, the Company completed the sale of an investment property for total sale proceeds of $9,350,000 and agreed to a vendor take back ("VTB") mortgage in the amount of $8,000,000. The VTB bore interest at an annual rate of 2.5% with monthly interest payments, and a maturity date of July 21, 2021. The VTB could be prepaid in whole or in part without penalty. The purchaser had an option to extend the mortgage for a further year.

On May 7, 2021, the Company agreed to amend the terms of the VTB and received $5,500,000 with the balance of $2,500,000 to be received on or before August 15, 2021 (the "Maturity Date"). The balance of the VTB bore interest at an annual rate of 6%. If payment of the principal amount and accrued interest did not occur by the maturity date, then the whole of the principal amount plus accrued interest shall become immediately due and payable upon demand. The VTB was carried at amortized cost.

The principal amount and accrued interest were received after the maturity date but prior to demand being made. The full balance was received on October 29, 2021.

4. Right-of-use asset

The following table presents the change in the balance of the Company's right-of-use asset which is its office lease:

	December 31, 2021	September 30, 2021
Opening balance	$ 662,679	$ 812,719
Amortization expense	(37,510)	(150,040)
Balance, end of period	**$ 625,169**	**$ 662,679**

5. Receivables

	December 31, 2021	September 30, 2021
Receivables	$ 11,889	$ 219,214
Accrued interest	-	60,536
Balance, end of period	**$ 11,889**	**$ 279,750**

Tenant receivables at December 31, 2021, and September 30, 2021, include occupancy costs which are reconciled at each fiscal year-end and subsequently collected.

6. Prepaid expenses and deposits

	December 31, 2021	September 30, 2021
Prepaid operating expenses	$ 125,416	$ 878,480
Deposits on offers to purchase investment property	150,000	-
Security deposits with municipalities	27,019	27,019
Total prepaid expenses and deposits	**$ 302,435**	**$ 905,499**

Prepaid operating expenses are insurance and property taxes.

A deposit of $150,000 was placed pursuant to an agreement to purchase two separate contiguous parcels of land with an industrial building on one of the parcels. The total purchase price is $2,250,000.

7. Mortgages

	Maturity	Rate	December 31, 2021	September 30, 2021
	On Demand	3.000%	$ -	$ 2,500,000
*	February 1, 2022	3.040%	4,898,448	5,000,983
*	June 1, 2022	2.730%	1,750,182	1,802,612
*	December 1, 2022	3.670%	3,215,096	3,274,254
*	December 1, 2022	3.671%	2,921,081	2,974,825
	February 1, 2023	3.750%	1,768,450	1,800,247
	April 1, 2023	1.860%	3,426,856	3,478,861
	October 1, 2023	3.950%	238,781	270,036
	October 1, 2023	4.090%	5,268,522	5,354,849
	November 1, 2023	4.330%	3,626,377	3,684,371
	December 1, 2023	4.648%	4,340,283	4,407,669
	January 1, 2024	4.300%	2,012,317	2,057,447
	January 1, 2024	4.300%	1,597,077	1,632,895
	April 1, 2024	2.110%	3,975,865	4,035,050
	August 1, 2024	3.300%	8,922,940	9,064,479
	November 1, 2024	3.555%	7,917,903	8,038,382
	February 1, 2025	3.420%	4,518,572	4,586,347
	April 1, 2025	2.310%	4,798,081	4,874,751
	August 1, 2025	2.837%	3,708,858	3,764,283
	July 1, 2026	2.710%	5,766,600	5,846,820
	July 1, 2026	2.710%	11,020,070	11,173,373
	April 1, 2026	2.675%	2,568,585	2,622,407
	November 1, 2026	2.930%	10,951,195	4,860,030
	October 1, 2026	2.940%	9,415,665	6,335,332
	June 11, 2029	3.480%	5,213,548	5,296,315
	Total mortgages		$ 113,841,351	$ 108,736,618
	Less: current portion of principal payments		(19,197,070)	(26,216,379)
	Less: balance of unamortized finance fees		(222,393)	(226,681)
			$ 94,421,888	**$ 82,293,558**
	Weighted average rate		**3.18%**	**3.15%**

*Mortgages due in the next twelve months

All remaining mortgages are repayable in blended monthly payments of interest and principal. The security pledged for each mortgage is limited to the related investment property.

8. Bank operating facilities

	December 31, 2021	September 30, 2021
Bank operating facilities	**$ 14,512,718**	**$ 20,360,492**

The Company has two credit facilities set out as follows:

1) One operating Line of Credit (LOC) with a limit of $13,500,000 (September 30, 2021 - a limit of $13,500,000).

   This LOC is used to assist with property acquisitions and general operations and has a balance at December 31, 2021, of $11,994,236 (September 30, 2021 - $13,476,456). The credit facility bears interest at prime plus 1% per annum (September 30, 2021 – prime plus 1% per annum) and is secured by specific revenue-producing properties with combined fair values of $36,338,761 (September 30, 2021- $ 36,338,761). In Q4 2021, the standby fee provisions were deleted and no longer in effect (September 30, 2021 - .25% per annum). Specific covenants of this credit facility are that there be a minimum of 90% occupancy of the secured buildings and adherence to a margin formula as outlined below.

   - Availability under the facility will be restricted to the lending value assigned to the properties which will be the lesser of: a) the level at which a Debt Service Coverage Ratio of 1.25 can be maintained, less the Prior Debt on the properties, (unchanged from September 30, 2021): or b) the level at which a Loan to Value Ratio of 70% can be maintained for the secured properties, over which the Lender has a 1st mortgage and 60% for the secured properties over which the Lender holds a 2nd mortgage, less the prior debt on the properties (unchanged from September 30, 2021). For these secured properties, the loan to value is set at 70%, unchanged from the prior year.

   *Debt Service Coverage Ratio ("DSCR")* is the net operating income, divided by the debt service.

   - *Debt service* = annual principal and interest payments based on a 25-year amortization and an interest rate that is the greater of 4.5% (September 30, 2021 – 4.5%) or the Government of Canada Benchmark Bond Yields plus 225 basis points.

   - *Net Operating Income* is stabilized operating income from the secured properties adjusted for normal operating expenses, common area maintenance expenses, property taxes, and other expenses that are not recovered from the tenants.

   *Loan to Value Ratio ("LTV")* is the total debt on the secured properties divided by the current market value of the secured properties.

Loan Covenant Requirements:	**Min. 90% Occupancy**	**DSCR 1.25**	**LTV 70%**
December 31, 2021	Yes	3.03	64%
September 30, 2021	Yes	2.69	68%
June 30, 2021	Yes	2.79	72%
March 31, 2020	Yes	2.78	73%
December 31, 2020	Yes	2.79	73%

During Q4 2020, the lender removed the sold property from the secured property which increased the LTV beyond 70%. The lender agreed to allow the increase with a provision that it is to be lowered to 70% within 18 months. As of December 31, 2021, the LTV is below 70% as the lender's assigned value of the secured properties which has increased to $35,529,345 from $33,564,944 in the comparative period ending December 31, 2020.

2) A second operating LOC with a limit of $3,500,000 (September 30, 2021 – a limit of $7,000,000).

The decrease in the limit from the prior year is a result of increased mortgage amounts upon maturity of existing mortgages. During the current three-month period, proceeds from the increases in mortgage amounts were used to reduce the limit on the facility by $3,500,000.

This credit facility bears interest at prime plus .95% per annum (unchanged from September 30, 2021) and is secured by specific revenue-producing properties with combined fair values at December 31, 2021, of $72,147,620 (September 30, 2021 - $72,210,516).

There are no specific covenants or margin formulas for this line of credit. The balance on the credit facility at December 31, 2021 is $2,518,481 (September 30, 2021 - $6,884,036).

9. Lease liability

The adoption of IFRS 16- Leases on October 1, 2019, resulted in the initial recognition of a right-of-use asset amounting to $812,719 and a corresponding lease liability of $861,322 having a weighted average borrowing rate of 4.95%.

The following table presents the change in the balance of the Company's lease liability:

	December 31, 2021	September 30, 2021
Opening balance	$ 712,784	$ 861,322
Lease payments	(45,000)	(181,675)
Interest	10,659	33,137
Balance, end of period	**$ 678,443**	**$ 712,784**
Current portion	$ 149,886	$ 148,046
Non-current portion	528,557	564,738
	$ 678,443	**$ 712,784**
Incremental borrowing rate	4.95%	

Estimated future principal payments required to meet the lease liability as at December 31, 2021, are as follows:

12 months ending December 31, 2022	$ 149,886
12 months ending December 31, 2023	157,476
12 months ending December 31, 2024	165,450
12 months ending December 31, 2025	173,828
12 months ending December 31, 2026	31,803
Total	**$ 678,443**

10. Payables and accruals

	December 31, 2021	September 30, 2021
Trade payables	$ 86,878	$ 409,090
Accrued loan interest	300,201	552,985
Current portion of tenant security deposits	153,850	151,973
Accrued liabilities	268,251	190,322
Tenant inducement payable	200,000	200,000
Prepaid rents	167,249	196,908
Total payables and accruals	**$ 1,176,429**	**$ 1,701,278**

Accrued liabilities include occupancy costs due to tenants, government remittances due, and accrued vacation balances. Tenant inducements payable relate to a lease agreement with a tenant signed during the year ended September 30, 2021. Prepaid rents from tenants relate to rents due on the first of the following month, and the balance represents rents paid in advance which are recognized in revenue over the applicable months. The carrying value of payables and accruals approximates fair value due to their short-term maturity.

11. Finance costs

The components of finance costs are as follows:

	December 31, 2021	December 31, 2020
Interest on mortgages	$ 899,140	$ 782,197
Interest on bank operating facilities	130,476	226,253
Interest on other unsecured financing	4,243	77,800
Interest on lease obligations	10,659	10,659
Amortization of deferred finance fees	22,528	21,125
Interest income	(6,863)	(50,005)
	$ 1,060,183	**$ 1,068,029**

12. Income taxes

a) Provision for income taxes

Components of income tax expense (recovery)

	December 31, 2021	December 31, 2020
Current tax expense	$ 461,384	$ 148,863
Prior period adjustments	(68,111)	-
Deferred tax expense (recovery)	41,298	44,837
	$ 434,571	**$ 193,700**

The actual income tax provision differs from the expected amount calculated by applying Canadian combined federal and provincial corporate tax rates to income before tax of 23.00%. These differences result from the following:

	2021	2020
Income before income taxes	$ 2,431,393	$ 1,575,552
Expected income tax expense at 23.00% (2020 – 23.00%)	$ 559,220	$ 362,377
Increase (decrease) resulting from:		
Non-taxable items	-	42
Change in unrecognized temporary differences	-	-
Prior period adjustments	(68,111)	-
Tax rate differentials and tax rate changes	(56,538)	(168,719)
	$ 434,571	**$ 193,700**

b) Deferred taxes

Deferred tax assets are attributable to the following:

	December 31, 2021	September 30, 2021
Financing fees	$ -	$ -
Lease liability	156,042	163,940
Capital losses	4,774	4,774
Other	-	
Donations	8,393	-
Deferred tax assets	169,209	168,714
Offset of tax	(169,209)	(168,714)
Net deferred tax assets	**$ -**	**$ -**

Deferred tax liabilities are attributable to the following:	December 31, 2021	September 30, 2021
Straight-line rent receivable	$ 473,344	$ 491,565
Investment properties	13,437,514	13,106,031
Finance fees	8,108	7,932
Deferred leasing	419,906	438,263
Right-of-use asset	143,789	152,416
Capital gain reserve	-	244,661
Deferred tax liabilities	14,482,661	14,440,868
Offset of tax	(169,209)	(168,714)
Net tax liabilities	**$ 14,313,452**	**$ 14,272,154**

$30,273,649 (September 30, 2021 - $30,273,649) related to investments in certain subsidiaries was not recognized because it was not probable that the temporary difference will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

13. Supplemental consolidated cash flow information

Net change in operating working capital	December 31, 2021	December 31, 2020
Decrease in receivables	$ 267,974	$ 232,373
Increase in prepaid expenses and deposits	753,064	647,488
Decrease in payables and accruals	(63,463)	(437,131)
Increase in income taxes payable	536,199	230,559
(Increase) decrease in security deposits	(44,866)	89,564
	$ 1,448,908	**$ 762,853**
Net change in investing working capital		
(Increase) decrease in deposits in trust for property acquisitions	$ (150,000)	$ 9,360
Decrease in payables and accruals	(208,603)	(67,010)
	$ (358,603)	**$ (57,650)**
Net change in financing working capital		
(Decrease) increase in accrued interest payable	**$ (252,785)**	**$ 73,241**
Interest paid	$ 1,763,796	$ 1,463,926

14 Segmented Information

IFRS 8, Operating Segments requires reportable segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker for the purpose of assessing performance and allocating resources to segments. The CODM has determined there are two reportable segments in the current period, based on the different economic environments they operate in. The following summary presents segmented financial information by industry divisions.

December 31,	Agricultural Division		Industrial Dvision		Corporate		CONSOLIDATED	
	2021	2020	2021	2020	2021	2020	2021	2020
Rental revenue, contractual amount	$ 200,096	$ 198,706	$ 3,696,471	$ 3,073,338	$ -	$ -	$ 3,896,567	$ 3,272,044
Property tax and insurance recoveries	22,333	20,224	706,094	618,814	-	-	728,427	639,038
Operating expense recoveries	2,820	4,067	358,392	263,645	-		361,212	267,712
Government subsidy	-	-	-	-	-	396	-	396
Accelerated rent adjustment	-	-	-	-	-		-	-
Amortization of tenant inducements	-	-	(16,550)	(6,878)	-	-	(16,550)	(6,878)
Straight-line rental revenue	-	11,739	(86,383)	93,976	-	-	(86,383)	105,716
Rental revenue	225,249	234,736	4,658,024	4,042,895	-	-	4,883,273	4,278,027
Property operating expenses								
Property taxes and insurance	(22,608)	(21,732)	(762,162)	(680,878)	-	-	(784,770)	(702,610)
Operating expenses								
Repairs and maintenance	-	-	(443,859)	(161,622)	-	-	(443,859)	(161,622)
Management fees	(8,938)	(8,846)	(185,415)	(158,776)	-	-	(194,353)	(167,622)
Utilities	-	-	(61,840)	(59,053)	-	-	(61,840)	(59,053)
subtotals	(31,546)	(30,578)	(1,453,276)	(1,060,329)	-	396	(1,484,822)	(1,090,907)
Income from operations	193,703	204,158	3,204,748	2,982,566	-	396	3,398,451	3,187,120
Finance costs								
Interest on mortgages	(50,470)	(53,496)	(848,671)	(728,700)	-	-	(899,141)	(782,196)
Interest on bank operating facilities	-	-	-	-	(134,719)	(304,054)	(134,719)	(304,054)
Interest on other unsecured financing	-	-	-	-	-	-	-	-
Interest on lease obligations	-	-	-	-	(10,659)	(10,659)	(10,659)	(10,659)
Amortization of deferred finance fees	(1,809)	(1,810)	(20,719)	(19,315)	-	-	(22,528)	(21,125)
Interest income	-	-	-	-	6,864	50,005	6,864	50,005
subtotals	(52,279)	(55,306)	(869,390)	(748,015)	(138,514)	(264,708)	(1,060,183)	(1,068,029)
Administration expenses	-	-	-	-	(377,660)	(286,958)	(377,660)	(286,958)
Amortization of deferred leasing	(5,004)	(4,555)	(80,795)	(62,283)		-	(85,799)	(66,838)
Amortization of right-of-use asset	-	-	-	-	(37,510)	(37,510)	(37,510)	(37,510)
Unrealized (losses) on short term investments	-	-	-	-	-	-	-	-
Gain on the sale of investment property	-	-	-	-	-	-	-	-
Valuation net gains (losses) from investment property	7,771	(23,521)	586,330	(128,712)	-	-	594,100	(152,233)
Income (loss) before income tax	144,191	120,776	2,840,892	2,043,556	(553,684)	(588,780)	2,431,399	1,575,552
Income tax (expense) recovery	(33,164)	(27,778)	(653,405)	(470,018)	251,998	304,096	(434,571)	(193,700)
Net income (loss) and total comprehensive income (loss) for the year	$ 111,027	$ 92,997	$ 2,187,487	$ 1,573,537	$ (301,685)	$ (284,683)	$ 1,996,828	$ 1,381,852
Investment properties	$ 10,819,493	$ 10,578,498	$ 234,653,576	$ 216,716,864			$ 245,473,069	$ 227,295,362
Mortgages	$ 4,340,283	$ 4,605,243	$ 109,501,068	$ 90,507,649			$ 113,841,351	$ 95,112,892
Additions to investment properties	$ -	$ -	$ 117,818	$ 294,202			$ 117,818	$ 294,202

15. Share capital

a) The Company has unlimited authorized common share capital.

	December 31, 2021	September 30, 2021
Number of shares issued		
Balance beginning of period	9,451,242	9,460,442
Shares cancelled	-	(9,200)
Ending number of shares	**9,451,242**	**9,451,242**
Capital stock		
Balance beginning of period	$ 5,947,346	$ 5,925,098
Shares held in treasury	-	28,044
Shares cancelled during the period	-	(5,796)
Ending capital stock	**$ 5,947,346**	**$ 5,947,346**

The Company received approval from the TSX Venture Exchange to purchase up to 479,182 common shares representing 5% of the outstanding shares under a normal course issuer bid ("NCIB") that expired September 2, 2020.

During the year ended September 30, 2020, the Company repurchased 41,900 shares for $160,982, in addition, there were $3,300 shares held in treasury at the beginning of fiscal 2020. A total of 36,000 shares were canceled during that year with the excess purchase price over the cost of the shares of $123,985, being charged to retained earnings. Of the remaining shares, 9,200 were canceled during the year ended September 30, 2021 with the excess purchase price over cost of the shares of $22,248 bring charged to retained earnings.

16. Earnings per share

The following are the weighted average number of shares outstanding:

	December 31, 2021	December 31, 2020
Net income and comprehensive income	$ 1,996,828	$ 1,381,852
Weighted average shares outstanding – basic and diluted	9,451,242	9,451,242
Earnings per share – basic and diluted	**$ 0.21**	**$ .15**

17. Rental revenue

The Company leases its commercial properties under operating leases with current terms ranging between 1 and 16 years. Some leases have options to extend for further five-year terms and several leases are month to month.

a) Rental revenue

	December 31, 2021	December 31, 2020
Rental revenue, contractual amount	$ 3,821,566	$ 3,272,044
Property tax and insurance recoveries	728,428	639,037
Government Subsidy	-	396
Operating expense recoveries	361,212	267,712
Accelerated rent adjustment	75,000	-
Amortization of tenant inducements	(16,550)	(6,878)
Straight-line rental revenue	(86,383)	105,716
Rental revenue on statements of comprehensive income	**$ 4,883,273**	**$ 4,278,027**

The accelerated rent adjustment in the current period relates to a tenant that was granted early termination of their lease. Straight-line rental revenue includes rent deferral repayments during the period from numerous tenants that requested rent relief due to COVID-19 in 2020. In the year ending September 30, 2021, tenants began repaying their rent deferrals in accordance with agreed repayment plans as outlined in their respective COVID-19 deferral agreements. Repayments will continue until September 30, 2023.

Future contracted minimum rent receivable from non-cancellable tenant operating leases is as follows:

	December 31, 2021	December 31, 2020
No later than one year	$ 13,960,296	$ 13,638,391
2 – 5 years	41,427,765	38,009,994
Over 5 years	26,954,226	25,001,599
	$ 82,342,287	**$ 76,649,984**

The month-to-month tenant revenue is not included in the above figures. The future contracted minimum rent receivable could be negatively impacted by a tenant having financial difficulties and being unable to meet their rent obligations. The future rent receivable assumes all tenants will honor the financial obligations of their leases, to the terms of their leases, with no defaults or variations in the contracted amounts.

18. Guarantees, contingencies, and commitments

a) In the normal course of operations, the Company and its subsidiaries may execute agreements that provide for indemnification and guarantees to third parties, such as engagement letters with advisors and consultants, and service agreements. The Company has also agreed to indemnify its directors and certain of its officers and employees in accordance with the Company's bylaws. Certain agreements may not contain any limits on the Company's liability and, therefore, it is not possible to estimate the Company's potential liability under these indemnities, and as such, no provision has been included in these financial statements. Further, the Company maintains insurance policies that may provide coverage against certain claims under these indemnities.

b) The Company maintains insurance on its properties. The all-risk property insurance includes replacement cost and rental value coverage (including coverage for the perils of flood and earthquake).

c) The Company has contracts in place with related parties to provide property management and asset management. Both contracts have been in place since 1999 and have been renewed on an annual basis with no changes to the terms. Further information can be found in the Related Party Transactions in Note 21.

d) As at December 31, 2021, the Company entered into a construction contract to build an additional 33,200 ft^2 of industrial space on one of its investment properties in Fort McMurray, Alberta. The total contract price is $8,600,000.

e) As at December 31, 2021, the Company entered into an agreement to purchase two separate contiguous parcels of land with an industrial building on one of the parcels. The total purchase price is $2,250,000. A deposit of $150,000 was placed pursuant to the purchase agreement.

19. Capital risk management

The Company defines capital that it manages as the aggregate of its equity and interest-bearing debt. The Company's objectives when managing capital are to ensure that the Company will continue as a going concern so that it can sustain daily operations and provide adequate returns to its shareholders. The Company is subject to risks associated with debt financing, including the possibility that existing mortgages may not be refinanced, or may not be refinanced on as favorable terms or with interest rates as favorable as those of the existing debt. The Company mitigates these risks by its continued efforts to stagger the maturity profile of its long-term debt, enhance the value of its real estate properties, and maintain high occupancy levels. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	December 31, 2021	September 30, 2021
Mortgages	$ 113,618,958	$ 108,509,937
Lease liability	678,443	712,784
Bank operating facilities	14,512,718	20,360,492
Other financing	-	3,800,000
Total debt financing	128,810,119	133,383,213
Equity	100,533,809	98,678,750
Total capital	**$ 229,343,928**	**$ 232,061,963**

20. Financial instruments

	December 31, 2021	September 30, 2021
Financial assets		
Cash and cash equivalents	$ 365,232	$ 196,114
Receivables, net of provisions	11,889	279,750
Mortgage receivable	-	2,500,000
	$ 377,121	**$ 2,975,864**
Financial liabilities		
Bank operating facilities	$ 14,512,718	$ 20,360,492
Payables and accruals	1,176,429	1,701,278
Other financing	-	3,800,000
Lease liability	678,443	712,784
Security deposits	703,741	896,654
Mortgages	113,618,958	108,509,937
	$ 130,690,289	**$ 135,981,145**

The carrying value of cash and cash equivalents, receivables, mortgage receivable, bank operating facilities, other financing, payables and accruals, and security deposits approximate their fair value because of the near-term maturity of those instruments. The fair value of mortgages payable is a level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar investments with similar terms and conditions. The estimated fair value of mortgages payable as at December 31, 2021 is $114,389,745 (September 30, 2021 - $109,317,430). These estimates are subjective as current interest rates are selected from a range of potentially acceptable rates and accordingly, other fair value estimates are possible. The interest rate used for this calculation is 2.93% (September 30, 2021 – 2.94%).

The Company's activities expose it to risks arising from financial instruments including credit risk, interest rate risk, and liquidity risk, and most recently, the risk associated with the coronavirus. Management reviews these risks on an ongoing basis to ensure that the risks are appropriately managed.

Credit risk

The Company is exposed to credit risk equivalent to the balance of its tenant receivables of $11,889 at December 31, 2021 (September 30, 2021 - $279,750), and cash and cash equivalents of $365,232 (September 30, 2021 - $196,114). Credit risk on tenant receivables arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Company mitigates the risk of credit loss with a policy of credit assessment for all new lessees and by limiting its exposure to any one tenant. For tenant accounts receivable, the Company applies the general approach to recognize expected credit losses ("ECL") in the next twelve months. Management uses historical credit losses adjusted for current and forward-looking information which may affect the ability of the customers to settle receivables. Historically the Company has very little credit losses as most tenants have been able to meet their financial obligations. At December 31, 2021 there is no loss provision for tenant receivables (September 30, 2021 - $nil).

Credit risk associated with cash and cash equivalents is mitigated through the Company holding cash and cash equivalents with reputable financial institutions.

Interest rate risk
The Company's exposure to interest rate risk relates to its short-term floating interest rates on bank operating facilities. The required cash flow to service the debt will fluctuate because of the changing prime interest rate. The balance on the bank operating facilities at December 31, 2021 is $14,512,718 (September 30, 2021 - $20,360,492). Under the assumption any balance of the debt is outstanding for a further one year; a 1% increase in the prime rate would have a negative impact on the future annual earnings of the Company of $145,127 (September 30, 2021 - $203,605). The Company minimizes its exposure to interest rate risk to the extent that all mortgages have fixed rates with terms of 2-5 years.

Liquidity risk
Liquidity risk is the risk that the Company may not have cash available to satisfy financial liabilities as they become due. The Company's objective related to liquidity risk is to effectively manage cash flows to minimize the exposure that the Company will not be able to meet its obligations associated with financial liabilities. The Company actively monitors its financing obligations and cash and cash equivalents to ensure that it has enough available funds to meet current and foreseeable future financial requirements at a reasonable cost. Management manages its liquidity risk with the use of the lines of credit available to the Company as well as short term financing from related parties and private parties. Management estimates that cash flows from operating activities will provide enough cash requirements to cover normal operating and budgeted expenditures.

During the current period, the Company renewed two mortgages. The mortgages were renewed for a further 5 years at fixed rates. Upon renewal, the Company received $11,144,252 in cash proceeds and assumed additional debt.

Contractual obligations at December 31, 2021

	1 year	2-3 years	4-5 years	> 5 years	Total
Gross mortgage payments	$ 22,550,560	$ 51,864,939	$45,826,871	$ 3,671,603	$ 123,913,973
Payables and accruals	1,176,429	-	-	-	-
Lease liability	149,886	322,926	205,631	-	678,443
Security deposits	153,850	36,533	57,582	609,625	857,590
	24,030,725	52,224,398	46,090,084	4,281,228	$ 125,450,006
Operating facilities	14,512,718	-	-	-	14,512,718
	$ 38,543,443	**$ 52,224,398**	**$ 46,090,084**	**$ 4,281,228**	**$ 139,962,724**

Contractual obligations at September 30, 2021

	1 year	2-3 years	4-5 years	> 5 years	Total
Gross mortgage payments	$ 29,147,767	$ 48,884,829	$35,291,074	$ 4,587,053	$ 117,910,723
Payables and accruals	1,701,278	-	-	-	1,701,278
Lease liability	148,046	318,961	245,777	-	712,784
Security deposits	151,973	38,410	107,583	602,614	900,580
	31,149,064	49,242,200	35,644,434	5,189,667	$ 121,225,365
Other financing	3,800,000	-	-	-	3,800,000
Operating facilities	20,360,492	-	-	-	20,360,492
	$ 55,309,556	**$ 49,242,200**	**$ 35,644,434**	**$ 5,189,667**	**$ 145,385,857**

COVID-19 risk

The impact of COVID-19 on companies continues to evolve rapidly and its future effects are uncertain, making it difficult to assess or predict the broad effects on industries and individual tenants. The actual impact will depend on many factors beyond the Company's control and knowledge. Management is responding to evolving events and planning for the uncertainties surrounding the effects of COVID-19 on the Company.

COVID-19 - impact on the financial condition and results of operations

The impact of COVID-19 on the consolidated financial statements included write-downs during the year ended September 30th 2020 on some of the Company's properties where there was more uncertainty surrounding leasing vacant space and more uncertainty whether leases up for renewal in the next twelve months would be renewed. The write-downs affected the earnings per share on the consolidated statements of income. In the current period, there were no write-downs as previously vacant properties have mostly been leased in the year ended September 30, 2021 and the Company has renewed all leases that have come due. The cash flows from operations were negatively affected by the rent deferrals provided in fiscal 2020 to some tenants due to COVID-19. In the current period, cashflows have improved as tenants are repaying their deferred amounts.

The long-term financial impact on the Company will be determined if some tenants are not able to survive the crisis and subsequently vacate the property.

The Company has little exposure to retail tenants who have had to suspend operations during this pandemic.

Much of the rent relief offered was in the form of deferrals. Over the next few quarters, revenue from tenants that was deferred until 2022 and beyond will continue to positively impact the cashflows and affect the Company's liquidity.

COVID-19 - impact on capital and financial resources

The Company's access to capital and funding sources, such as revolving credit facilities, new mortgages, and related party financing has not changed during the period. The Company renewed 2 mortgages in the current period that matured on October 1, 2021.

At this reporting date, the Company has no known uncertainties as it relates to the ability to service the current debt and other financial obligations.

21. Related party transactions

The following are the related party transactions of the Company.

a) *Management agreements*

Sable Realty & Management Ltd. provides property management services to Imperial Equities Inc. The company is controlled by the President and CEO of the Company, Sine Chadi. North American Realty Corp. is also controlled by Mr. Chadi and provides asset management services to the Company.

Fee structure

Payments to Sable Realty & Management Ltd.:

Property management	4% of gross rents paid plus a flat fee for ground maintenance on certain properties
Property maintenance	\$85/hour (Prior year \$85/hour) for labour plus charges for truck, equipment, and parts
Project fees	large scale improvements to tenant space are negotiated at the time services are requested

Payments to North American Realty Corp.:

Leasing	6% of the value of new leases for the first five years plus 3% of the value of the leases that extend from six years to a maximum of ten years 3% of the value of lease renewals to a maximum of five years
Acquisitions	1% of the purchase price of the property
Dispositions	3% of the sale price of investment property

Payments for the period ending December 31,	**2021**	**2020**
Property management and maintenance fees	$ 413,028	$ 312,924
Leasing fees	-	176,925
Total payments	**$ 413,028**	**$ 489,849**

b) *Other related party transactions*

i) Payments made to (received from) Sable Realty & Management Ltd.

Period ending December 31,	**2021**	**2020**
Leased office space and parking	$ 45,000	$ 46,005
Fees for Accounting/Consulting Services	1,800	27,229
Rent at Sable Centre	(23,731)	(22,104)
Net payments for the period	**$ 23,069**	**$ 51,130**

ii) Directors are paid a fee for attending directors' meetings. The fees are measured at the exchange amount established and agreed to by the related parties. These transactions occurred in the normal course of operations. Total fees paid for the period were $10,000 (2020 – $10,000).

ii) Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Company's key management personnel include President Sine Chadi, who is also a director of the Company, the Chief Operating Officer, Patricia Misutka, and the Chief Financial Officer, Azza Osman.

Period ending December 31,	**2021**	**2020**
Sine Chadi	$ 75,000	$ 75,000
Patricia Misutka	45,000	45,000
Azza Osman	41,250	31,250
	$ 161,250	**$ 151,250**

vi) Other financing, unsecured

Related Parties		Balance 1-Oct-21		Advances		Repayments		Balance 31-Dec-21
Jamel Chadi, Shareholder[1]	$	2,100,000	$	-	$	(2,100,000)	$	-
Sine Chadi, Shareholder[1]	$	700,000		-		(700,000)		-
Diane Buchanan, Shareholder[1]	$	1,000,000		-		(1,000,000)		-
Total	**$**	**3,800,000**	**$**	**-**	**$**	**(3,800,000)**	**$**	**-**

Related Parties		Balance 1-Oct-20		Advances		Repayments		Balance 30-Sep-21
Jamel Chadi, Shareholder[1]		2,000,000		1,200,000		(1,100,000)		2,100,000
Sine Chadi, Shareholder[1]		1,550,000		750,000		(1,600,000)		700,000
NAMC[2]		-		225,000		(225,000)		-
Diane Buchanan, Shareholder[1]		1,500,000		-		(500,000)		1,000,000
Total	**$**	**5,050,000**	**$**	**2,175,000**	**$**	**(3,425,000)**	**$**	**3,800,000**

1. Loans received from shareholders bear interest at an annual rate of 6%. Total interest expense during the period was $4,243 (December 31, 2020 -$77,801).

2. North American Mortgage Corp. ("NAMC") is controlled by Mr. Sine Chadi, President of the Company. No interest was paid in the current period or the comparative period for the three months ended December 31, 2020.

All related party financing is unsecured with no specified dates of repayment and therefore are due on demand. The fair value of the related party loans at the reporting dates approximates their carrying value as the amounts are due on demand.

22. Post-reporting date events

Subsequent to the period ending, the Company has declared a quarterly dividend of $0.015 per share totalling $141,769 paid on January 31, 2022, to shareholders of record effective January 14, 2022.

23. Authorization of the consolidated financial statements

The consolidated interim financial statements for the three-month period ending December 31, 2021 (including comparatives) were authorized for issue by the Board of Directors on February 15, 2022.

Signed "Sine Chadi", Director *Signed "Kevin Lynch",* Director

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